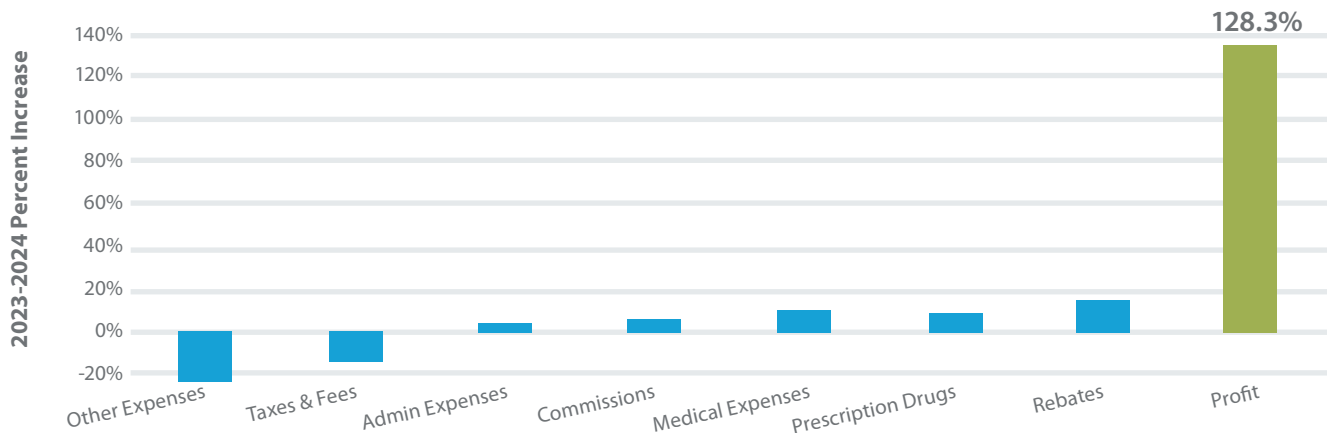


DMHC Report Shows Health Plan Profits Far Exceed Rx Expenditures

The California Department of Managed Health Care (DMHC) released a report on December 16, 2025 concluding that the total amount that went to health plan profit increased from \$399 million in 2022 to \$2.9 billion in 2024. **That's a 626.8% increase.** The report was compiled based on 2024 health plan reporting mandated by Senate Bill 17 which requires health plans and health insurers that file rate information with the DMHC or the California Department of Insurance to annually report specific information related to the costs of covered prescription drugs.

The Amount of Premium Dollars Going to Profit Saw the Biggest Increase in 2024



Prescription Drugs Account for a Small and Stable Share of the Premium Dollar

DMHC's report data illustrated that between 2017 - 2024 health plans spent the majority of premium dollars on medical expenses which is consistent with the overall total premium increase that plans passed on to patients. Prescription drug costs remain a stable but small portion of that dollar. Importantly, the profit vertically integrated health plans realize, such as profits from their PBM business, is not captured in the report.

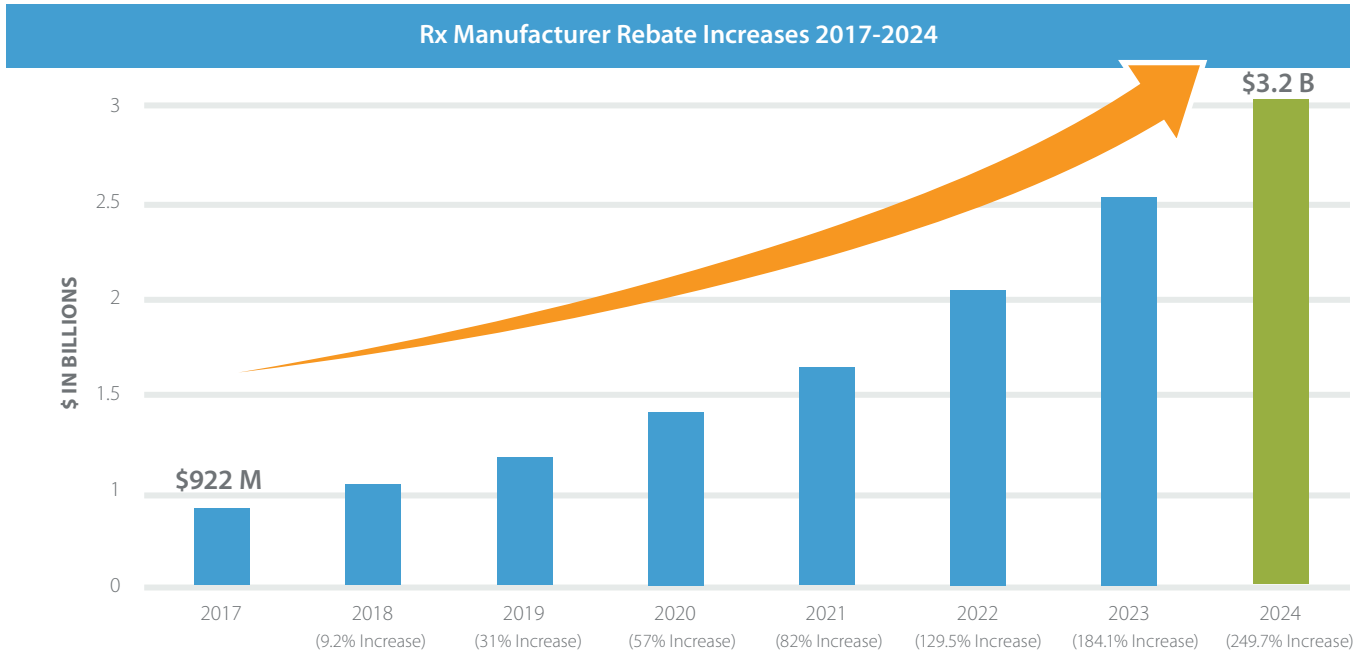


Why are Tests and Medical Devices Factored into Prescription Drug Cost Data?

Health plans continue to include medical devices and testing supplies toward the percentage of total health plan premium spent on prescription drugs data. About 20% of the top 25 drugs prescribed are devices - the highest number of devices ever included in the DMHC report. While very few are prescribed by doctors in order to get coverage for their most economically challenged patients, the SB 17 statute clearly only applies to prescription drugs, not devices or over the counter medical products.

PhRMA Discounts/Rebates Given to PBMs and Insurers Have Grown 249.7%

According to the DMHC Report, “Manufacturer drug rebates increased by 23% in 2024 and totaled approximately \$3.2 billion in 2024 compared to \$2.6 billion in 2023.” Since reporting began, rebates have increased from \$922 million in 2017 to \$3.2 billion in 2024. That’s a 249.7% increase since 2017. Unfortunately, the DMHC analysis for the report did not consider the rebates and discounts given by drug manufacturers and retained by pharmacy benefit managers (PBMs). Furthermore, these savings are rarely passed on to patients and more often retained by the health plan or pharmacy benefit managers as profit.



Health Plan Profits Tell a Different Story

While policymakers are told that prescription drugs are driving premium increases, the financial performance of the nation’s largest health plans tells a very different story. The most dominant insurers in the U.S. have reported extraordinary profits in recent years—profits that far exceed spending on many core patient care services. According to recent news reports, the seven largest publicly traded U.S. health insurance companies collectively raked in more than \$71 billion in profits in a single year.

Current data shows that full-service health plans collectively reported \$49.2 billion in total profit in 2024. Within that total, the five most profitable health plans alone reported \$17.4 billion in combined profits. Notably, three of the five most profitable plans were nonprofit health plans, underscoring the scale of revenue and financial reserves held across both for-profit and nonprofit insurers operating in California’s health care market.

<p>TOTAL PROFIT IN 2024 by DHMC Regulated Health Plans \$49.2 BILLION</p>	<p>AMOUNT SPENT BY DMHC REGULATED HEALTH PLANS IN 2024 on non-medical expenditures \$78.2 BILLION</p>
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Health Plan Financial Summary Report: wps.dmhc.ca.gov/flash/

The takeaway is clear: premiums are not primarily driven by pharmaceutical innovation, but by a health insurance model that prioritizes profit over patients. Any serious effort to address affordability must begin with transparency and accountability for health plan profits—rather than misdirecting scrutiny toward the medicines that prevent disease, reduce hospitalizations, and save lives.