Five Facts on Insulin

1. The facts on insulin net prices.

- Net prices – after discounts and rebates – for insulin have been relatively flat over the last several years, thanks to the pharmacy benefit managers (PBMs). According to the American Diabetes Association (ADA), list prices for Novo Nordisk's NovoLog and NovoLog FlexPen increased 365% between 2001 and 2016, while *net prices* rose only modestly.[i] PBMs negotiate with insulin and other drug manufacturers to reduce the steadily increasing list prices for payers and consumers.
- The fact is, only drug manufacturers set and raise list prices. Study after study after study has continued to find large, annual increases in the list prices of insulin.[ii] The current list price for a single vial of Levemir (long-acting insulin) is $308 – it was just $120 in 2012. PBMs are able to negotiate discounts only for people who are covered by insurance; the nearly 30 million uninsured Americans must pay these exorbitant list prices for life-saving insulin.

2. The facts on competition among insulins

- Combined, Novo Nordisk, Sanofi, and Eli Lilly comprise 96% of the US insulin market by volume and 99% by value, according to the ADA.[iii] This concentration of the insulin market limits competition and choice, harming consumers.
- PBMs are able to negotiate large rebates with manufacturers for insulin, these rebates are largely returned to health plans and other plan sponsors, like employers, and used to lower premiums and enhance benefit designs, including cost sharing for insulin.
- Even though PBMs have negotiated rebates and discounts keeping insulin net prices relatively flat, these manufacturers continue to make huge sums of money. The Kaiser Family Foundation found that between 2007 and 2017, "cumulative total Part D spending was $27.0 billion for insulin products from Novo Nordisk, another $27.0 billion for Sanofi, and $15.0 billion for Eli Lilly."[iv]

3. Patients benefit from PBM action on insulin

- PBMs provide health plans and other plan sponsors options to ensure that insulins are affordable to enrollees. For example, a one-month supply of insulin for one health plan's enrollees cost $41.50 on average in 2018, or the inclusion of insulin on preventive drug lists with zero patient cost sharing.
- Last year, a PBM and health plan introduced a program limiting monthly cost sharing for a 30-day supply of insulin to $25 for nearly 1 million eligible health plan enrollees, lowering their monthly out-of-pocket costs by 40% or more. [v]
- More recently, another PBM announced it could provide access to diabetes drugs, including insulin, at no out-of-pocket costs to health plan enrollees and at a savings to plan sponsors.

4. The facts on follow-on insulin

- There are just two follow-on insulins on the market, both in different insulin classes: Basaglar, a long-acting insulin, and Admelog, a rapid-acting insulin. A single entry into a therapeutic class is unlikely to drive competition and lower prices. In fact, the introduction of Admelog does not seem to have had any impact on the net price of the rapid-acting class of insulin, while list prices in that class have continued to rise.
- Basaglar is made by Eli Lilly and Admelog is made by Sanofi, two of the three dominant insulin manufacturers. Rather than representing truly new competitors in the insulin market, Basaglar and Admelog simply shifted market share from one giant manufacturer to another.

5. The facts on manufacturer patient assistance programs and list prices

- Out-of-pocket costs can make drugs, including insulin, unaffordable for many consumers. But drug manufacturer co-pay card programs can't help the people who may need the help the most: Medicare, Medicaid, and the uninsured. Rather than just offering discounts to consumers with commercial insurance, manufacturers should cut the list prices of their drugs so everyone can benefit from the savings.
- Cost is one of the biggest barriers to medication adherence. According to the Centers for Disease Control and Prevention (CDC), 36% of uninsured adults aged 18-64 with diagnosed diabetes did not take their medication as prescribed due to cost.[vi] Only cutting list prices will help these patients, and only manufacturers can cut list prices.

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[i] ADA Statement. Insulin Access and Affordability Working Group: Conclusions and Recommendations. Diabetes Care 41(6). June 2018: 1299-1311. https://care.diabetesjournals.org/content/41/6/1299

[ii] ADA Statement (June 2018); Health Care Cost Institute, "Spending on Individuals with Type 1 Diabetes and the Role of Rapidly Increasing Insulin Prices" (January 21, 2019); Immaculada Hernandez et al., "The Contribution of New Product Entry Versus Existing Product Inflation in the Rising Costs of Drugs" Health Affairs 38(1), January 2019.

[iii] ADA Statement (June 2018).

[iv] Kaiser Family Foundation. How Much Does Medicare Spend on Insulin? April 1, 2019. https://www.kff.org/medicare/issue-brief/how-much-does-medicare-spend-on-insulin/

[v] Cigna. Cigna and Express Scripts Introduce Patient Assurance Program to Cap Out of Pocket Costs at $25 Per 30-day Insulin Prescription. April 3, 2019. https://www.cigna.com/newsroom/news-releases/2019/cigna-and-express-scripts-introduce-patient-assurance-program-to-cap-out-of-pocket-costs-at-25-per-30-day-insulin-prescription

[vi] CDC. Strategies Used by Adults With Diagnosed Diabetes to Reduce Their Prescription Drug Costs, 2017-18. NCHS Data Brief (349). August 2019. https://www.cdc.gov/nchs/data/databriefs/db349-h.pdf