The INSULIN Act Fails to Improve Patient Affordability

Even as the average insured person's cost-sharing for insulin has dropped significantly over the last few years, high manufacturer list prices make insulin prescriptions unaffordable for too many patients in America—particularly for the uninsured and those with high-deductible health plans.[i] However, the *Improving Needed Safeguards for Users of Lifesaving Insulin Now* (INSULIN) *Act* will not improve insulin affordability. The Congressional Budget Office (CBO) estimates this measure **will increase federal government spending by $23 billion, decrease competition, and create a government-sanctioned windfall for manufacturers at the expense of patients, employers and other health plan sponsors, taxpayers, and state Medicaid programs.**

The *INSULIN Act* will not solve the problem of high insulin prices.

The *INSULIN Act* allows insulin manufacturers to avoid competition and maximize profits.

- With seven new biosimilar insulins poised to enter the market and improve the competitive landscape, the *INSULIN Act* will permanently lock in 2021 prices, suppressing competition.
- Letting manufacturers decide which insulin products to keep at current pricing and which to lock in at the 2021 net Part D cost in exchange for an exemption from negotiating rebates and other proven tools widely used by plan sponsors to lower insulin costs will not make insulin more affordable for patients. It will only guarantee manufacturers profits and reduce competition.
- In addition, the *INSULIN Act* will give insulin manufacturers license to raise prices at the rate of inflation—currently 9.1%[ii], ignoring the fact that pharmacy benefit managers (PBMs) have held net insulin prices flat over the last several years due to rebates.[iii]
- The *INSULIN Act* will increase insurance and Medicare premiums, add additional Medicare and Medicaid costs to the federal government, increase systemwide costs significantly, and do little to reduce costs, particularly for the uninsured and those with high-deductible health plans.

The *INSULIN Act* will increase taxpayer spending by $23 billion over 10 years.

According to CBO, the *INSULIN Act* will increase the rate of health care inflation in Medicare Part D, Medicaid, and insurance premiums across the board.

- **$8.2 billion in additional Medicare Part D spending**
  - CBO did not score the premium impact; however, previous increases of this nature have resulted in beneficiary premium inflation.
- **$7.7 billion in additional federal Medicaid spending**
  - CBO did not score the impact on state budgets; however, if federal Medicaid spending increases, state spending will also increase.
- **$508 million in additional federal spending on private insurance**
  - This accounts for inflation in the cost of Affordable Care Act (ACA) coverage, subsidies for employer-based health care, and the Federal Employee Health Benefits Program.
  - CBO did not score the inflationary impact on state employee health care costs; however, they will also increase.
- **$6.7 billion in lower federal revenue**
  - The revenue impact is the result of inflation in private health insurance premiums, which are deductible; lower federal tax revenues means that premiums have increased.

These changes will benefit very few patients facing affordability challenges.

- Eliminating rebates will not reduce insulin prices or out-of-pocket (OOP) costs. In fact, net costs—after discounts and rebates—for insulin have been flat over the last several years due to PBM negotiated rebates.
- The average final out-of-pocket cost for an insulin script in 2021 was $22.88, down from $31.52 in 2018.[iv]
- Most insured patients are already paying less than $35 a month for their insulin. Indeed, average OOP costs per insulin script for insured patients decreased from $31.52 in 2018 to $21.02 in 2021, from $30.80 to $21.02 for Medicare, and from $29.36 to $23.19 for commercial payers because of rebates.[v]
- IQVIA reports that commercially insured patients paid $35 or less 88% of the time, while Medicare beneficiaries paid $35 or less 74% of the time, up from 68% in 2018.[vi]
- Similarly, according to a Kaiser Family Foundation report, commercially insured patients paid $35 or less 80% of the time, while those in ACA-compliant individual and small group market plans paid $35 or less 75% of the time based on 2018 data.[vii]

The *INSULIN Act* is the wrong strategy for insulin-dependent patients. Removing the option to negotiate price concessions will raise overall net costs and decrease certainty for health plan sponsors.

Real solutions exist for addressing insulin affordability.[viii]

To curb insulin and other drug costs, Congress must address manufacturers' anti-competitive practices by:

- Increasing market competition and eliminating patent system abuses that stifle competition.
- Increasing the number of generic or biosimilar equivalents on the market; currently, there are seven insulin biosimilars in the pipeline for four reference products from four different manufacturers.[ix]
- Preventing pay-for-delay patent settlements for patent infringement claims between manufacturers.
- Ending citizen petition process abuses that slow new competition seeking market approval.
- Prohibiting product hopping that allows drug manufacturers to switch from an expiring patent on a reference drug to a later-expiring patent on a follow-on product.

These policy approaches are more likely to bring down the cost of insulin.

In the meantime, PBMs will continue to advocate for patients in the fight for affordable insulin.

- PCMA encourages Congress to adopt policies that acknowledge insulin affordability is achievable.
- PBMs are the only entity in the drug supply and payment chain whose sole purpose is to save money for patients and payers on prescription drugs.
- PBMs are proud of their work to reduce prescription drug costs, expand affordable access to drugs, and improve outcomes for those covered by prescription drug plans from various public and private insurance plans.

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