

More than [8 million Americans](#) with diabetes rely on insulin to help manage their condition; [one in three seniors in Medicare](#) live with diabetes. The rising price of insulin and other diabetes drugs is a problem that hurts millions of Americans. As insulin prices have gotten out of hand, the direct cost of treating diabetes has surpassed [\\$237 billion each year](#).

As more Americans live with diabetes, the cost burden of insulin will only multiply for patients, employers, and taxpayers. Here are some key facts about the high and rising price of insulin and why competition in the marketplace is needed:

THE HIGH PRICE OF INSULIN FOR AMERICAN PATIENTS

- The prices of the four most widely-used insulins [tripled over the last ten years](#).
- Between 2013 and 2018, nearly [75% of insulin products](#) saw average annual price increases of more than 10%, far outpacing inflation during that time.
- Medicare Part D spending on insulin [increased 840 percent](#) from 2007 and 2017, outpacing the growth in the number of beneficiaries using insulin.
- Diabetes is the U.S.' [most expensive chronic condition](#). \$1 out of every \$4 in U.S. health care spending goes to caring for people with diabetes.

LITTLE COMPETITION IN THE INSULIN MARKET HURTS PATIENTS

Insulin is over 100 years old; until recently, there have been no therapeutic alternatives for most major long-acting insulins. Three pharmaceutical manufacturers control the vast majority of the market, limiting competition and enabling them to raise prices as high as they want:

- Sanofi increased the price of their long-acting insulin pens, Lantus SoloStar, from \$303 in 2014 to \$404 in 2019.¹
- Over five years, Novo Nordisk hiked prices for their long-acting insulin pens, Levemir FlexTouch, from \$303 in 2014 to approximately \$462 in January 2019.¹
- Lilly's rapid-acting insulin, Humalog 50-50 Kwikpen, went from \$530 in 2017 to \$323 in 2013—an increase of \$207 or 64% in four years.

How is this possible? Insulin manufacturers use the patent system in the U.S. to maintain monopoly protection and keep prices high. For example, Sanofi filed 74 patent applications generating the potential to delay competition for 37 years.

¹ United States Senate Finance Committee, "Insulin: Examining the Factors Driving the Rising Cost of a Century Old Drug" January 2021

HOW PBMs HELP PATIENTS MANAGE THEIR DIABETES

PBMs are working to improve care and lower costs for patients with chronic conditions like diabetes by:

- **Negotiating with big drug companies for lower prices.** From 2012 to 2019, [studies show](#) that PBMs kept the net cost that patients pay for insulin from rising. [Recent studies](#) have shown no evidence that PBM-negotiated rebates drive drug companies' price increases.
- **Lowering out-of-pocket costs:** PBMs offer plan options that include a fixed out-of-pocket cost or \$0 co-pays for insulin or that cover diabetes medications even before the deductible is met as part of a preventive drug list.
- **Encouraging lower-cost alternatives:** After the FDA approved the follow-on biologic Basaglar and PBMs began adopting the product as the preferred drug on formularies, [one PBM](#) achieved a 9 percent drop in out-of-pocket costs for patients for a 30-day supply of Basaglar compared to Sanofi's Lantus.
- **Holistic care management:** PBMs offer disease-specific programs to help patients manage their chronic conditions, like diabetes. These programs offer services like integrated digital tools to ensure the patient, their doctors and pharmacists all have easy access to the information they need to increase adherence and provide the best care, wellness programs, additional screenings and in-person counseling opportunities, among others.

POLICY SOLUTIONS

PBMs negotiate with competing brand manufacturers to obtain lower costs for patients and employers. The solution that will benefit all Americans who use insulin is lower list prices. Specifically, Congress could take the following actions to help ease the cost burden for diabetes patients taking insulin:

- Prohibit "pay-for-delay" settlements between manufacturers that delay the market entry of lower-cost alternatives;
- Restrict "ever-greening" of patents in which drug manufacturers make minor changes to their product, or to the delivery technology for their product, to extend the patent exclusivity period;
- Reduce the exclusivity period for brand and specialty drugs and limit manufacturers' ability to ["over-patent" their insulins](#) to prevent cheaper alternatives from coming to market.
- Foster the widespread adoption of zero-dollar co-pays on preventive medications like insulin.