



Insulin Copay Cap Legislation

General Comments – Prescription Costs and Inulin:

Currently just three pharmaceutical manufacturers control the majority of the insulin market with no robust generic market for insulin which has kept the prices high. Annual costs per patient for insulin nearly doubled from 2012 to 2016¹ despite only a marginal increase in insulin use. Price increases of insulin, similar to other prescription drug price increases, have outpaced the Consumer Price Index by 150% over the last decade.

Pitfalls with Copay Cap Legislation to Address Drug Costs:

- Reducing out-of-pocket (OOP) costs for some patients is helpful, this policy does nothing to stop the abusive increases in drug pricing for Insulin. Drug manufacturers have the ability to continue to raise drug prices and, in turn, shift the costs to the insurers and the payers (employer, government...) which will result in higher prices through premium increases.
- State-based copay cap legislation will not help all patients on insulin, only a subset of individuals in Michigan. Individuals enrolled in Federal programs (Medicare, Medicaid, Veterans Affairs), private industry employer plans (ERISA) or the uninsured will not benefit from this legislation; misleading Michigan citizens to believe everyone will benefit.
- Other state legislative models that provide a more comprehensive approach to address Insulin drug affordability should be evaluated; including:
 - Establishing a state-run insulin assistance program with a nominal copay, similar to that done in MN.²
 - Enact legislation that fines pharmaceutical manufacturer's for price gouging or for price increases that exceed a state threshold³. 3 states in addition to the District of Columbia have price gouging legislation with Massachusetts having the most comprehensive legislation which enacted a price gouging protections law that applies to both generic and branded drugs⁴.

¹ <https://www.reuters.com/article/us-usa-healthcare-diabetes-cost/u-s-insulin-costs-per-patient-nearly-doubled-from-2012-to-2016-study-idUSKCN1PG136>

² <https://www.revisor.mn.gov/bills/bill.php?f=HF0485&b=house&y=2019&ssn=0>

³ <https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2018/07/a-tax-on-drug-price-increases-can-offset-costs>

⁴ <https://malegislature.gov/Bills/191/S712>

- Establish a prescription drug affordability review board to assess drug affordability and provide rate setting for prescription drugs to bring savings to all patients, not just those utilizing insulin therapy. Six states have enacted legislation creating a drug affordability review board.⁵
- Copay cap legislation is a policy changing insurance coverage rather than directly affecting drug manufacturing prices. The cost of a month supply of Humalog when first introduced to the market in 1996 was \$21, compared to \$275 in 2019. Comparatively the cost of Humalog in Canada in 2019 is \$32 (US price is 8% higher than that in Canada).
- Manufacturer drug product patents and patent extensions significantly contribute to the high price of insulin, and other medications. Lantus, manufactured by Sanofi, has had 74 different patent applications filed since the drug was approved to the market in 2000. This has extended the patent protection of Lantus until 2031, thus delaying a generic or biosimilar entry to this product and keeping prices high.⁶
- Pharmaceutical manufacturers have long argued that high drug prices are necessary to augment research and development (R&D) costs and increasing production costs. There is no doubt that the cost of developing, manufacturing and bringing a drug to the market is high. It should, therefore be expected that a company's increasing revenue from current drug price increases to be matched by increases in its R&D spending on new drug development. Insulin manufacturer's own financial data do not support this hypothesis.⁷

⁵ <https://www.billtrack50.com/BillDetail/1061500>

⁶ <http://www.i-mak.org/wp-content/uploads/2018/10/I-MAK-Lantus-Report-2018-10-30F.pdf>

⁷ https://www.ineteconomics.org/uploads/papers/WP_120-Collington-The-insulin-industry.pdf