January 2, 2020

The Honorable Elizabeth Warren  
United States Senate  
309 Hart Senate Office Building  
Washington, DC 20510

The Honorable Richard Blumenthal  
United States Senate  
706 Hart Senate Office Building  
Washington, DC 20510

Subject: Affordable Insulin

Dear Senators Warren and Blumenthal:

The undersigned organizations urge you to revise your recently published report on retail pharmacy availability of authorized generic insulin to recognize the market drivers behind these access problems and offer solutions to remove them. We appreciate the interest you and many of your Congressional colleagues have expressed in affordable insulin and reducing prescription drug costs for all Americans. However, we are concerned that the report’s flawed conclusions and missing solutions will discourage people with diabetes from accessing authorized generics or other lower cost, lifesaving insulins.

We agree wholeheartedly that more U.S. pharmacies should stock authorized generic insulin along with available brands, and help customers find the lowest possible prices for their prescriptions. This week Novo Nordisk joined Eli Lilly and Company in releasing a reduced list price authorized generic analog insulin. These companies manufacture insulin but they cannot require health plans to cover it, wholesalers to distribute it, nor pharmacies to stock it and train employees in 67,000 locations nationwide.

The access gaps your report highlights reflect the realities of our health care system; each entity has an economic incentive favoring products with high list prices rather than the lowest net impact on family wallets. This financial hit is amplified when consumers are exposed to list prices for insulin and other essential medicines, rather than negotiated discounts as is typical for office visits, laboratory tests, and other health care products and services.

Affordability became a starker problem for millions of Americans when their health plan deductibles reset on January 1. Families living with diabetes face shockingly high out-of-pocket costs for insulin if they are in health plans that do not:

- Cover insulin as preventive care, with no or low pre-deductible cost sharing as the Internal Revenue Service allows;
- Pass through to consumers the steep rebates insurers and pharmacy benefit managers collect from manufacturers for formulary access; or
- Peg consumer coinsurance to a plan’s net price, rather than list price for prescriptions
Commercial rebates for insulin exceed 60 percent of list prices – twice the average for all prescription drugs.\textsuperscript{iii,iv} Simply put, American families who are in such plans – like millions of uninsured – pay too much at the pharmacy counter because of our nation’s rebate-driven system of prescription drug coverage and reimbursement.

Families with diabetes in these plans face a painful choice: pay 240 percent of the true net cost\textsuperscript{v} for lifesaving insulin so it counts toward their high deductible, or shop for lower cost options outside their health plan. The report identified real access gaps in many of the 386 pharmacies surveyed but it does not reflect availability in the other 99.4\% of U.S. retail pharmacies – where many families could pay $68-130 per vial of insulin\textsuperscript{vi} instead of $300 or more.

Policymakers are understandably skeptical, but it is hard to fault one player in this complex system while ignoring so many others. All stakeholders – consumers included – own part of the problem, and we all need to help build the tapestry of solutions it will take to start setting things right.

Members of Congress also need to acknowledge the government’s role in perpetuating this rebate dysfunction. According to the Type 1 Diabetes Defense Foundation, nearly all of the rebates in Medicare Part D are generated by 13 percent of drugs dispensed (including analog insulins and other costly brand and specialty medicines).\textsuperscript{vii} Medicare Trustees attribute lower-than-projected Medicare spending to higher-than-projected prescription drug rebates.

In Medicaid, the report touts the top line $499 million spent on insulin before rebates\textsuperscript{viii} but not the equally important bottom line. On a net basis, the federal government pays pennies on the dollar for insulin in Medicaid and 340B.\textsuperscript{x} A 340B pharmacy can dispense analog insulin with a list price of $275\textsuperscript{x} for 11 cents per vial, while a retail pharmacy nearby charges patients $325 or more for the same lifesaving medicine.\textsuperscript{xi}

No single product or program can possibly address the diabetes community’s diverse needs and circumstances. We need to raise awareness and help people connect with the range of options available today – not leave them waiting on the promise of something new and better tomorrow.

We urge Congress to continue pursuing meaningful ways to reduce prescription drug costs, particularly for Americans living with chronic diseases like diabetes:

- Require preventive coverage for insulin and other diabetes medicines, devices and supplies
- Prevent non-medical switching, where people are forced to change their preferred diabetes management tools for commercial reasons, rather than medical need
- Require health plans to pass through rebates and discounts at the point of sale, and base consumer coinsurance for prescription drugs on net cost instead of list price

We welcome the opportunity to work with you, your staff and Congressional colleagues in this effort. Please contact Julie Babbage at jbabbage@diabetespac.org if we can be of assistance.

Sincerely,

National Diabetes Volunteer Leadership Council
Children with Diabetes
Diabetes Patient Advocacy Coalition
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