
Drug Pricing Policy Solutions



Improving Insulin Affordability



Missouri Foundation
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Drug Pricing Policy Solutions: Improving Insulin Affordability

The Cost of Insulin

Insulin is a lifesaving drug for adults and children with type 1 and type 2 diabetes. Over 7 million Americans require daily doses of insulin to survive and live healthy lives.¹ However, access to insulin is difficult for many diabetics in the United States because of the increasing cost of the drug. In 2018, the average price for a vial of insulin in the U.S. was \$98.70, much higher than in any other country in the world. In comparison, Chile ranks as the second most expensive country for insulin, and the average cost per vial there was \$21.48.²

The cost of insulin generally varies based on the type of insurance coverage. For example, the average annual out-of-pocket cost of insulin is \$27 for patients covered by Medicaid, \$800 for those with private insurance, and \$1,925 for those who are uninsured.³ A recent study found that nearly 1 in 7 people who filled an insulin prescription in the U.S. in 2017 and 2018 reached catastrophic health spending, as defined by the World Health Organization. These individuals spent over 40% of their household's remaining income on insulin once housing and food were paid for.⁴ This spending doesn't account for glucose monitors, insulin pumps, other medications, or any other health expenses that are often necessary for people with diabetes.

Many Americans struggle to keep up with treatment for diabetes due to the cost of insulin. A recent study found that 16.5% of adult Americans with diabetes who need insulin rationed their supply of insulin due to cost. Further, this practice tends to be more common among Black people as opposed to white and Hispanic people, which indicates disparities in affordability and access to insulin.⁵ Rationing, or using less than the amount of insulin prescribed, is dangerous for diabetics and can result in costly hospitalizations and even death.⁶ It can also prevent people with diabetes from going to work or school and carrying out everyday activities.⁷

Average price per vial across all types of insulin in 2018



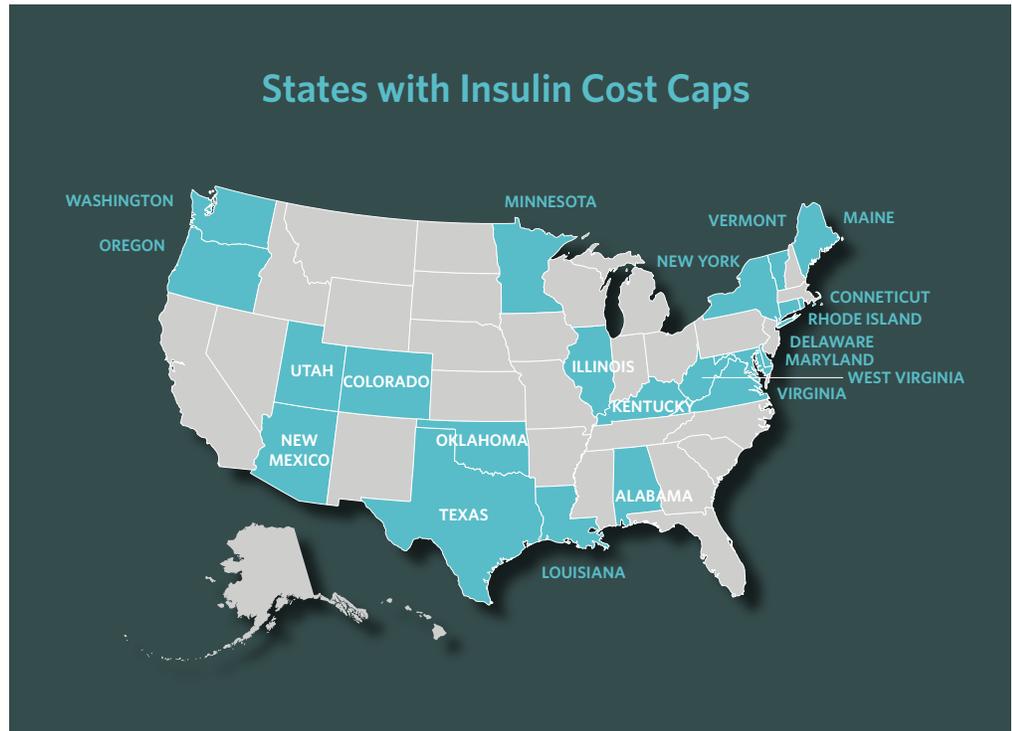
Insulin Out-of-Pocket Cost Cap Policies

In recent years many states have taken action to address the high out-of-pocket costs of insulin. Between 2019-2022, twenty-one states adopted policies to limit the amount certain patients must pay out of pocket for a 30-day supply of insulin. In general, most of these policies limit the cost-sharing amount that health insurance carriers can charge to covered patients with diabetes. These limits range from \$25 per month for certain patients in Texas, Connecticut, and New Mexico to \$100 per month in several other states, including Alabama, Delaware, and Illinois. Colorado,

Connecticut, and Minnesota, among other states, have policies that require insurers to fill emergency 30-day supplies of insulin at a lower cost to certain patients.⁸

Research shows that policies that limit out-of-pocket costs of insulin can provide financial relief to patients. An analysis of insurance claims data found that at least 20% of patients with private health insurance would benefit from this type of policy, with some saving at least \$42 per month.⁹ The limitations of these policies are that they often only apply to certain types of private health insurance and certain types of insulin products, and generally exclude those without health insurance.

This is an important gap for policymakers to consider because those with low-incomes, who are uninsured, or who have private insurance with high deductibles are often the ones who report the most difficulty in affording diabetes prescriptions.¹⁰



Implications of the Inflation Reduction Act on Insulin Affordability

In August 2022, President Biden signed the Inflation Reduction Act into law. This law contains a provision that would limit insulin cost sharing for Medicare beneficiaries to \$35 per month, effective in 2023. Starting in 2026, the law limits insulin cost sharing under Medicare prescription drug (Part D) plans to the lesser of \$35, 25% of the maximum fair price for products selected for negotiation, or 25% of the negotiated cost under the Part D plan. Under this provision of the Inflation Reduction Act, insulin will become more affordable for over 3 million Medicare Part D beneficiaries.¹¹ However, the law does not limit costs for diabetes patients who are not covered by Medicare.

Insulin Cost Limit Policy Can Help Make Insulin Affordable in Missouri

According to the Missouri Diabetes Report, about 10.8% of adult Missourians had diabetes in 2020 and adults living in low-income households were more likely to be diagnosed with the disease.¹² There is currently no policy in Missouri, however, that limits insulin cost sharing for those living with diabetes. Senator Lauren Arthur has filed bills in previous legislative sessions to cap insulin cost sharing for patients covered by private insurance, but these bills have not gained legislative support.¹³ A similar bill, Senate Bill 283, has again been filed by Senator Arthur during Missouri's 2023 Legislative Session.¹⁴

The cost of insulin remains a challenge for many Missourians living with diabetes. Limiting insulin cost sharing in Missouri will make insulin more affordable and accessible, allowing diabetics in Missouri that depend on this drug to live healthy lives, and prevent diabetes-related deaths in Missouri.

Endnotes