



Oregon Prescription Drug
Affordability Board



Policy recommendation to lower the insulin copay cap and decouple from inflation index

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Senate Committee on Health Care

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Topics for today

- Review ORS 743A.069 insulin
- Recommendation
- Policy issues and implications of the status quo
- Economic and health equity effect on Oregonians
- Other state and federal actions, international pricing comparisons
- Price reductions and the marketplace
- Questions



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ORS 743A.069 Insulin:

1. As used in this section
 1. “Health benefit plan” has the meaning given that term in ORS 743B.005.
 2. “Insulin” has the meaning given that term in ORS 689.696.
2. A health benefit plan offered in this state may not require an enrollee in the plan to incur cost-sharing or other out-of-pocket costs, as adjusted under subsection (3) of this section, that exceed \$75 for each 30-day supply of a type of insulin prescribed for the treatment of diabetes or \$225 for each 90-day supply.
3. The Department of Consumer and Business Services shall, by rule, annually adjust the maximum cost specified in subsection (2) of this section by the percentage increase, if any, in the cost of living for the previous calendar year, based on changes in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.
4. The coverage under this section may not be subject to a deductible imposed by a health benefit plan.
5. This section does not prohibit a health benefit plan from using a drug formulary or other utilization review protocol applicable to prescription drug coverage under the plan.
6. This section is not subject to ORS 743A.001. [2021 c.160 §2]

Note: 743A.069 was added to and made a part of the Insurance Code by legislative action but was not added to ORS chapter 743A or any series therein. See Preface to Oregon Revised Statutes for further explanation.



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PDAB recommendation: Lower insulin copay limit to \$35 and decouple from inflation index

- Out-of-pocket costs for insulin were capped for enrollees of state-regulated health plans, with increases annually indexed to inflation, as measured by the Consumer Price Index – G (CPI-G). (ORS 743A.069)(2021)
- Higher than expected inflation in 2022-23, led to faster growth in the CPI-G and faster-than-anticipated growth in Oregon's insulin cap, which will be \$85 during plan year 2024.
- The \$85 cap in 2024 will be significantly higher than the actual acquisition cost for most insulin prescriptions in Oregon.
- Additional generic insulins now available, and prominent brand manufacturers have dropped their list prices. Changes in federal Medicaid rebates have likely contributed to manufacturers pricing structures for specific insulin products.



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PDAB recommendation: Lower insulin copay limit to \$35 and decouple from inflation index – continued

- Lower Oregon's statutory insulin copay maximum to \$35. This would align Oregon law with the recently adopted federal maximum for Medicare and many other state laws.
- Decouple Oregon's insulin copay law from the Consumer Price Index. With manufacturers providing monthly caps of \$35 on insulin, the CPI language under 743A.069 does not support requiring the incorporation of an annual adjustment for insulin.
- Lowering the insulin cap can reduce out-of-pocket costs for consumers who rely on more expensive insulin, with little effect on overall payer costs.
- Given the reduced list price for standard insulins, Oregon's law – as currently written – does not apply to most insulin purchases.



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Policy issues and implications of status quo

- Gap in existing law: It still has an explicit allowance for using formularies and utilization review on part of insurers.
- Possible sideboards around how Prior Authorization is used to limit people to getting less-suitable insulin medications covered under the current cap.
- Law is meant to protect consumers, but Oregonians pay three times more than in other states.
- Ensuring that insulin is affordable and accessible is a matter of public health and a human right.
- The rising prevalence of diabetes and the high cost of insulin puts the lives of millions at risk. Setting a cap of \$35 for a 30-day supply of insulin would significantly alleviate this burden.
- Capping insulin prices helps address health disparities.
- Burden of high insulin costs disproportionately affects low-income individuals and communities.
- Most insulin dependents are younger than 65; adolescents and those in their early 20s either cannot afford insulin or are a burden on their parents' coverage.
- Type 2 diabetics are not always insulin dependent. Only 17 percent take insulin.



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Economic effect

➤ High insulin prices lead many individuals to ration medication or even forgo it altogether, resulting in costly complications and hospitalizations.

➤ Making insulin affordable not only save lives, but also reduces long-term health care costs. Affordable insulin enables individuals to continue working and contributing to the economy, rather than being limited by the financial burden of their medication.

➤ It is estimated the **total cost of diabetes care** in Oregon is nearly \$4.3 billion per year, with \$3.1 billion in direct medical costs and \$1.2 billion in indirect costs.

Source:

<https://www.cdc.gov/diabetes/programs/stateandlocal/state-diabetes-profiles/oregon.html>



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International and national comparisons

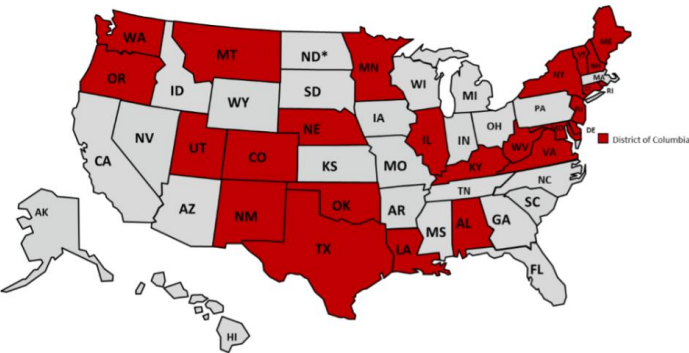
Top 10 countries average insulin price in 2020

Country	Average cost ✓
United States	\$98.70
Chile	\$21.48
Mexico	\$16.48
Japan	\$14.40
Switzerland	\$12.36
Canada	\$12
Germany	\$11
Luxembourg	\$10.15
Italy	\$10.03
Netherlands	\$9.98

Source: Cost of insulin by country 2024 (worldpopulationreview.com)

- The federal Inflation Reduction Act caps insulin at \$35 a month for Medicare enrollees.
- 25 states (including Oregon) have insulin guidelines not to exceed copayment of \$100 or more for a 30-day supply; 15 of those states have insulin copay caps of \$35 or less for a 30-day supply.

Source: [State Insulin Copay Caps | ADA \(diabetes.org\)](#)



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Price reductions and the marketplace

- Spending on insulin has tripled in the past decade to \$22.3 billion in 2022, and the inflation-adjusted cost of the drug increased 24 percent between 2017 and 2022.*
- Manufacturers: The three major insulin manufacturers, Novo Nordisk, Eli Lilly, and Sanofi, reduced prices of certain insulin products for most patients at \$35 through either price caps or savings programs.*
- Novo Nordisk and Eli Lilly are also market leaders in the GLP-1/Semaglutide class (approved for diabetes and weight loss).
- Eliminating the rebate cap in the Medicaid drug rebate program this year requires manufacturers to pay rebates when they significantly raise prices over time.
- The pharmacy benefit manager (PBM) role in formulary exclusions.

*Source: [Insulin price cap: More Americans will now pay no more than \\$35 \(usatoday.com\)](https://www.usatoday.com/story/news/health/2023/01/11/insulin-price-cap/11711111002)



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Questions?

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