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## Lilly answers calls for pricing transparency in 2016 Integrated Summary Report - April 20, 2017

### Executive Highlights

- Lilly's recently-released [2016 Integrated Summary Report](#) provides pricing transparency surrounding the pharmaceutical business. Starting on page 15, you can read about how discounts offered to patients have increased in parallel to rising list prices for prescription drugs, and about the company's efforts to make insulin more affordable.
- This follows [Novo Nordisk's position statement](#) on affordability of prescription drugs in America. J&J also released a similar [transparency report](#) earlier this month. We're happy to see these strides toward pricing transparency, and we hope that other players in healthcare - including PBMs - follow suit. This is step one to solving [the crisis of unaffordable insulin](#) and other essential medicines.

Lilly recently published its [2016 Integrated Summary Report](#), with a section dedicated to pricing transparency and access to medicine (starts on [page 15](#)). Confronting the public outcry over rising cost of prescription drugs, especially insulin, the report outlines how rebates to payers have increased in parallel to list prices. In 2012, the average discount offered to patients for a Lilly pharmaceuticals product was 28%, which grew to 41% in 2014 and to 50% in 2016, offset by net list price increases of 13%, 12%, and 14%, respectively. Moreover, the report emphasizes Lilly's concerted efforts to make insulin more affordable in America. In December 2016, Lilly/BI's Basaglar (biosimilar insulin glargine) was [launched in US pharmacies](#) at a 15% discount to Sanofi's Lantus (a five-pen box of Basaglar is listed at \$316.85 vs. \$372.76 for a five-pen box of Lantus, so by our calculations, the lower cost of switching from Lantus to Basaglar taking 50 units/day of basal insulin would enable savings of ~\$56/month or ~\$1.86/day - significant but lower savings than expected for some). The companies also made a [Basaglar savings card](#) available to certain patients with commercial insurance, on top of their [collaboration with Express Scripts](#) to offer discounts on insulin of up to 40% for people on high-deductible health plans or without insurance. In short, this means the price realized by Lilly for insulin or another prescription medicine falls well below the list price that the public sees. Though not mentioned in this report, Lilly has also recently launched [discussions with payers](#) to alleviate patient out-of-pocket costs for insulin at a systemic level - the company hopes to convince health plans to include insulin as a separate benefit category with no co-pays.

In our view, one that's shared by several diabetes thought leaders, pointing the finger solely at pharmaceutical companies is an unproductive path toward affordable medicine for patients. Dr. Irl Hirsch, by now well-known for his [passionate rants](#) on skyrocketing insulin cost, suggested at [CMHC 2016](#) that pharmacy benefit managers (PBMs) are the "pituitary gland growing this whole mess" - he called for more transparency from these middlemen, the PBMs, to elucidate why prescription drugs have become so expensive. This opinion was echoed by Drs. Robert Ratner and Jay Skyler during a [CMHC panel discussion](#). We think that greater transparency on the black box of rebates, PBMs, etc. could go a long way to helping patients and the public better understand the complex factors that drive insulin prices and we're encouraged by Lilly's efforts toward pricing transparency in this Integrated Summary Report. Novo Nordisk has also released [a position statement on affordability](#) and J&J published its own [transparency report](#) earlier this month. We'd love to see greater transparency from additional pharma companies, as well as from other players in healthcare - especially PBMs. Even better, we'd love to see additional concrete action to lower patients' financial burden and applaud Lilly for being a pioneer on this front. We are similarly glad to see lower than expected pricing from Sanofi on Soliqua and to see work from Novo Nordisk demonstrating that it has heard patient pleas - much of these in the US stem, of course, from

*employers and payers shifting the cost burden to patients. We hear calls from patients asking for greater details on support for drugs by each drug - we'll be interested to see how Lilly responds but we are happy as an initial step to be able to better understand and characterize the investment from Lilly.*

*-- by Payal Marathe, Helen Gao, and Kelly Close*