



MEMORANDUM

House representatives DeGette (D-CO) and Reed (R-NY) ask industry, payers, PBMs to explain the rising cost of insulin - July 7, 2017

House representatives Diana DeGette (D-CO) and Tom Reed (R-NY), as co-chairs of the Congressional Diabetes Caucus, [recently requested](#) that representatives from insurance companies, pharmacy benefits managers (PBMs), and pharmaceutical companies come together to generate transparency around insulin pricing. These letters (see a sample [here](#)) ask all players to set a meeting date with the Caucus by July 28, 2017. This bipartisan effort to understand what's driving insulin prices skyward represents an important early step in making the drug more affordable/accessible for all. After adjusting for inflation, prices for Lilly's rapid-acting insulin Humalog have increased almost 700% since 1996. Prices for Novo Nordisk's NovoLog have followed suit. The Caucus recognizes that this issue extends beyond manufacturers, and that there's a lot to untangle: Experts struggle to explain the dynamic between list prices, undisclosed rebates from PBMs, and insurance policies that often result in greater out-of-pocket expenses for patients (both Ms. DeGette and Mr. Reed have children with type 1 diabetes). We add that it's important to acknowledge industry's role in innovation, since insulin has become safer and more effective since 1996 as well - and there's still room for improvement. This latest move from the Congressional Diabetes Caucus comes on the heels of Nevada's insulin pricing [transparency bill](#) being signed into law, and of Senator Bernie Sanders (I-VT) and Representative Elijah Cummings (D-MD) asking the Federal Trade Commission (FTC) to investigate price collusion [last year](#). In fact, controversy over the rising cost of insulin reached a [boiling point](#) among the public and politicians at the end of 2016. We're eager to see industry, payers, and PBMs take these leaders up on their offer to collaborate - in our view, no one player can be expected to solve this problem singlehandedly. In particular, we hope to see more attention directed toward transparency from PBMs, the middlemen who seem to be driving much of the confusion in this system through pricing/rebate decisions.

-- by Ann Carracher, Payal Marathe, and Kelly Close