Access to Insulin

Cost Drivers &
Non-Medical Switching

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- Notice of Requirements For Successful Completion
  - Please refer to learning goals and objectives
  - Learners must attend the full activity and complete the evaluation in order to claim continuing education credit/hours

- Conflict of Interest (COI) and Financial Relationship Disclosures:
  - Presenter: George Huntley – Eli Lilly and Company; Novo and Sanofi: NDVLC accepts industry sponsorship
  - Presenter: Stewart Perry – Consulting engagement: Novo

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Objectives

- Articulate how the current health coverage environment contributes to high out-of-pocket costs for insulin
- Connect people with diabetes insulin access resources
- Formulate advocacy initiatives at the local, state and national levels to reduce insulin costs
Who We Are

National Diabetes Volunteer Leadership Council
NDVLC

501(c)(3) patient advocacy organization committed to securing effective, affordable health care and a discrimination-free environment for every person affected by diabetes.

Our members, all former leaders of national diabetes organizations, combine their passion for advocacy with decades of diabetes experience and leadership to advance patient-focused policies at the local, state and national levels.

Access to Insulin Overview

1. What’s the problem
2. How we got here
3. How people with diabetes are impacted
4. View of a flawed system
5. What we can do about it
Please add an objectives slide.

Autumn Zarlengo, 6/12/2019
What's the Problem?

2.3x

Higher average annual medical costs for a person with diabetes

$7,151

WITHOUT DIABETES

$16,752

WITH DIABETES

American Diabetes Association. https://doi.org/10.2337/dci18-0007

What's the Problem?

Type 1 Pump User Cost

MONTHLY COST @ LIST
MONTHLY COST $35 COPAY/30% CO INSURANCE

Insulin $562.00 $35.00
Cartridges $26.30 $7.89
Infusion Sets $118.80 $35.64
Test Strips $128.00 $38.40
Total Cost Per Month $835.10 $316.93

THE EXPENSE OF INSULIN

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How We Got Here

- Increase in High Deductible Health Plans
- Including pharmacy in the deductible
- Increased use of coinsurance (vs co-pay) in pharmacy benefits
- Increased drug list prices
- Expanded Role of Pharmacy Benefit Managers (PBMs)
  - Higher rebates and discounts
  - Exclusive formularies (non-medical switching)

RISING RAPIDLY

 Covered Workers in Plans with a Combined* Annual Deductible

<table>
<thead>
<tr>
<th>Year</th>
<th>Employees Covered by High-Deductible Health Plans (HDHPs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>55%</td>
</tr>
<tr>
<td>2012</td>
<td>81%</td>
</tr>
<tr>
<td>2017</td>
<td>43%</td>
</tr>
</tbody>
</table>

*Rising financial burden on people with diabetes

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Price of Brand-Name Drugs</th>
<th>Number of Drugs on Exclusion Lists</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>65%</td>
<td>1,200</td>
</tr>
</tbody>
</table>

How We Got Here

HIGH INSULIN COSTS ARE A SYMPTOM OF DEEPER SYSTEMIC PROBLEMS

- More health costs shifting to PWD - without distinguishing essential vs discretionary care
- Drug delivery and payment systems have grown more complex and opaque
- Drug list prices rise as multiple entities claim a piece of the pie
- Payers/PBMs use rebates and formularies to direct more treatment decisions - what's covered vs what's best for the individual?

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How People with Diabetes are Impacted

INSULIN IS A STANDARD OF CARE
and is an important component of optimal management

1 IN 3 ADULTS WITH DIABETES
TYPE 1
TYPE 2
A PROGRESSIVE DISEASE

> 8MM people
REQUIRES REGULAR INJECTIONS
REQUIRES LIFE-CHANGING LIFESTYLE MODIFICATIONS
EVENTUALLY REQUIRES INSULIN THERAPY

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How People with Diabetes are Impacted

1 in 4 People with Diabetes Report Cost-Related Insulin Rationing

People with diabetes reduced insulin use when they had to pay more than $75 for Basal Insulin compared to $40 for Rapid-Acting Insulin per month.


1 IN 4 PEOPLE WITH DIABETES REPORT COST-RELATED INSULIN RATIONING

Discounts and rebates negotiated by pharmacy benefit managers and others in the supply chain are not passed on to PWD at the point of sale. This leads to:

- Significant overpayment for insulin by PWD
- Premature claims costs for employers

60% INSULIN REBATES CAN EXCEED MANY PWD are forced to pay insulin list price during the deductible phase. This leads to:

- People with diabetes are overcharged for lifesaving insulin when exposed to list price

Insulin rebates can top 60% - 2x average for all Rx

Insulin list prices far exceed net cost

- Gross vs Net sales dollars per 10ml unit of analog insulin from 2012 to 2017
- People with diabetes are overcharged for lifesaving insulin when exposed to list price
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View of a Flawed System
What’s wrong?
• Rebates aren’t passed through to consumers
• Access is restricted to insulin the plan prefers – not the person who uses it

Breaking Down the Flawed System

#AADE
The Price Goes Up with Each Step

Rebates Drive Perverse Incentives

PBMs and Plans get more money when they cover the higher priced brand insulin rather than the less expensive biosimilar and those “savings” may not pass through to PWD

<table>
<thead>
<tr>
<th></th>
<th>Brand</th>
<th>Biosimilar</th>
</tr>
</thead>
<tbody>
<tr>
<td>List Price</td>
<td>$278.00</td>
<td>$234.00</td>
</tr>
<tr>
<td>Assumed Rebate</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Total Rebate</td>
<td>$164.80</td>
<td>$140.40</td>
</tr>
<tr>
<td>Assumed percent of rebate given to plan</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>- Rebate dollars received by plan</td>
<td>$150.12</td>
<td>$126.36</td>
</tr>
<tr>
<td>Assumed percent of rebate given to plan</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>- Rebate dollars retained by PBM</td>
<td>$15.68</td>
<td>$14.04</td>
</tr>
<tr>
<td>Assumed patient co-insurance</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Patient cost</td>
<td>$55.60</td>
<td>$46.80</td>
</tr>
<tr>
<td>Plan cost (net of rebate and patient co-insurance)</td>
<td>$72.28</td>
<td>$60.84</td>
</tr>
<tr>
<td>Manufacturers net (list price minus total rebate)</td>
<td>$111.20</td>
<td>$93.60</td>
</tr>
</tbody>
</table>

Key Components of PBM Compensation

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Network</td>
<td>The difference between the ingredient cost reimbursement PBM receives from a payer and the ingredient cost reimbursement PBM pays to a network pharmacy.</td>
</tr>
<tr>
<td>Spread</td>
<td>Pharmacy Dispensing Profit Percentage of manufacturer rebates PBM retains instead of passing through to plan sponsor.</td>
</tr>
<tr>
<td></td>
<td>Pharmacy Dispensing Profit Percentage of manufacturer price protection payments PBM retains instead of passing through to plan sponsor.</td>
</tr>
<tr>
<td></td>
<td>Administration Fees Per-claim processing fees.</td>
</tr>
<tr>
<td></td>
<td>Service Revenues For the services provided to, or performance-based payments received from, pharmaceutical manufacturers.</td>
</tr>
</tbody>
</table>
Meanwhile at the Pharmacy …

PWD may pay MORE for “covered” insulin than:
- The net cost to their insurance plan
- Discount cash price
- Pharmacy full cash price

In a recent NDVLC study, Using GoodRx, InsureRx or Blink Health to buy 1 vial of analog insulin would save consumers:

$100
$90

Compared to:

$100

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Help Is Available

No one should have to ration lifesaving insulin
It’s OK to ask for help

- Understand and maximize coverage and don’t take NO for an answer!
- Ask for cash prices
- Use retail discount programs
- Enroll in manufacturer discount or patient assistance programs
- Talk to an employer about insulin costs, NDVLC can help!
- Talk to your diabetes care team about lower cost options
- Check prices at member warehouses
- Find a community health center or other low-cost health provider

Learn more at ndvlc.org/reduce
Raise Awareness: Help is Available

Short Term Answers

Next up: Better Health Plan Design

NDVLC & JDRF Employer Initiative

TARGETS
• Large Employers
• Employer Groups / Coalitions
• Benefit Plan Design Consultants

OBJECTIVES
✓ Get insulin on preventive drug list (exempt from the deductible)
✓ Pass through rebates & discounts at the pharmacy
✓ Low, predictable co-payments instead of coinsurance
EXPOSING EMPLOYEES TO HIGH INSULIN COSTS RAISES RISK

SHIFTING COSTS INSTEAD OF SAVING

- Incurring claim costs prematurely when employees hit their high deductible earlier in the year
- Paying higher claims for unmanaged diabetes
- Poorer short-term health
- Worse long-term outcomes from diabetes and complications

Employees exposed to high insulin costs
- Insulin not covered as preventive
- High list price exposure
- Co-insurance vs. co-pays
- Rebates not passed through at the point of sale

Employer risk and costs rise
- Establishing a pattern of rationing insulin or other diabetes necessities
- Shares drug trend health
- roster long-term outcomes to employees and employers

JOIN THE EMPLOYER HONOR ROLL

NDVLC AND JDRF RECOGNIZE EMPLOYERS ARE PART OF THE SOLUTION TO HIGH INSULIN COSTS AND IMPROVING DIABETES OUTCOMES

LEARN FROM INSULIN ACCESS LEADERS

- Cover insulin as PREVENTIVE, exempt
- Exempt from deductibles
- Share discounts and rebates at the point of sale
- Low, fixed dollar co-payments
- Access to full range of diabetes devices

SHARE YOUR STORY WITH US: HOW DOES YOUR COMPANY STRUCTURE HEALTH BENEFITS TO KEEP INSULIN AFFORDABLE?

LET US SHARE YOUR STORY WITH OTHER EMPLOYERS:

JOIN THE INITIATIVE:

Share your story with us

BUILD THE BUSINESS CASE

How does your company structure health benefits to keep insulin affordable?

How has it impacted your health costs?

Employee health? Employee satisfaction and retention?

LET US SHARE YOUR STORY WITH OTHER EMPLOYERS

NDVLC Employer Plan Design Initiative

JDRF Coverage2Control Campaign

DPAC Affordable Insulin Project

JOIN THE INITIATIVE

SIGN UP FOR UPDATES

http://www.jdrf.org/get-involved/jdrf-advocacy/coverage2control/

http://affordableinsulinproject.org

http://diabetespac.org/join-dpac/

http://ndvlc.org/access-to-insulin-employer-initiative

#AADE
Questions?

Thank you!