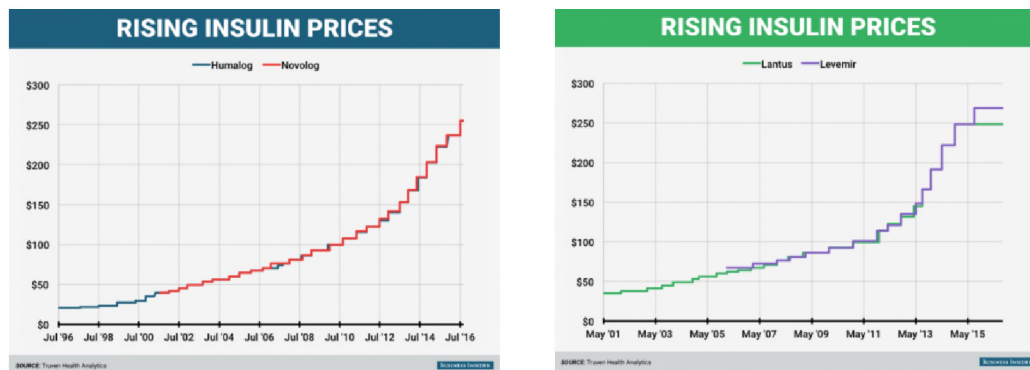


Diabetes Drug Price Increases Are Hurting Americans

DRUG PRICES ARE OUT OF CONTROL

Today more than [23 cents of every health care dollar](#) go into the pockets of Big Pharma to pay for prescription drugs—more than any other expense. While Big Pharma is posting record profits, too many hardworking Americans have to choose between paying their bills and accessing life-saving medicines.

Diabetes affects [more than 30 million Americans](#), with 7.4 million people relying on insulin to treat their condition. [13% of adults](#) reported that they did not take their diabetes medications as prescribed. The rising price of insulin drugs impacts those who need it most and rely on this life-saving treatment.



These graphs depict the lock-step price increases for short-acting insulin (Humalog and Novolog) and long-acting insulin (Lantus and Levemir). SOURCE: [Business Insider](#)

Three drugmakers – Eli Lilly, Novo Nordisk, and Sanofi Aventis – [control 90% of the market](#). And these drugmakers have increased prices in lockstep for several years.

Rising Essential Diabetes Drug Prices Hurting Nevadans, Profiting Drugmakers

Based on reporting from the Nevada Department of Health and Human Services (DHHS), the [rising cost of diabetes drugs](#) has strained the health and finances of the state and Nevadans.

- 155 essential diabetes drugs (EDD) in the report showed significant price increases, more than the threshold established by law. **60% of those drugs experienced both a one- and two-year significant price increase.**
- The Nevada Medicaid program spent more than **\$60 million (10%) in 2017** on drugs included in the EDD list. **More than 65% of expenditures were for drugs that experienced significant price increases.**
- The report found that drugmakers' **average profit for EDDs was \$51.9 million**, almost 48 times higher than the median profit.
- Of the drugs analyzed in the report, **76% earned profits greater than the combined cost of production and administrative expense.**
- Drugmakers **earned an average \$1.52 in profit for every \$1 spent** on production and administrative costs.
- **4% of responses reported that price was increased to generate profit.**

How Do Drugmakers Justify Price Increases?

Research and Development (26%)

- 9 out of 10 big drugmakers [spend more on advertising](#) than R&D.
- Big Pharma spent **\$6.4 billion on advertising in 2016** – a five percent increase from 2015. In 2017, drug ads were the 6th largest category of advertising, accounting for 8% of total television ad revenue – up six places from the 12th largest category of advertising in 2012.
- Interestingly, drugmakers in the report cite only 3% of drug price increases were due to marketing and advertising.

Drug Has More Competitive Value (12%)

- Insulin has been on the market for almost a century, but no major innovations have occurred in 20 years.

Rebates (11%)

- **55% of the reports indicated NO rebates were provided** by manufacturers to pharmacy benefit managers (PBMs).
- 6.6% of rebates were reported as being retained by PBMs.
- The Health Care Cost Institute found that even if rebates and/or manufacturer coupons could reduce 50% of the cost of insulin drugs, [drug spend on insulin would still account for 31%](#) of the total increase in spend.

Big Pharma controls those prices – and Big Pharma can lower them for Americans.

- In 2016, [total US expenditures](#) on pharmaceutical drugs were \$480 billion. Two-thirds of this total (\$323 billion) was captured by drug manufacturers in the form of net revenues.
- Drugmakers [increased](#) prices on more than 250 drugs at the start of 2019.
- Approximately [700 drugs](#) have increased their prices by 10% or more in the past five years. The number of drugs with double-digit price increases has slowed in the last two years for brand drugs, indicating that scrutiny and accountability may help slow down price increases.
- **These are dollars they could use bring down the costs of their medications and make a real difference in the cost of care for patients. But they don't. *The problem is the price.***

HEALTH INSURANCE PROVIDERS FIGHT FOR LOWER DRUG PRICES FOR ALL AMERICANS.

When drug prices go down, you pay less. That's why health insurance providers negotiate with drug companies for lower out-of-pocket costs and premiums for millions of patients.

We're not middlemen—we're your bargaining power. By combining our bargaining power, we:

- Save patients [40-50%](#) on their annual prescription drug and related medical costs, compared to what they would have spent.
- Will save consumers and taxpayers [more than \\$650 billion](#) – up to 30% – on drug benefit costs over the next decade.