



The Daily Dish

Recent Trends in Insulin Prices

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Eakinomics: Recent Trends in Insulin Prices

Insulin was the poster child of the drug price wars in 2019 and early 2020, and the key facts are laid out in [Insulin Cost and Pricing Trends](#) by AAF's Tara O'Neill Hayes and Josee Farmer. (A shout out to Josee in Seattle; one of many AAF interns continuing her internship remotely.)

Roughly 8.3 million individuals use insulin to control their diabetes. Hayes and Farmer note, "Between 2012 and 2018, the price of available insulin increased 14 percent annually, on average, and in 2016 insulin accounted for 31 percent of a Type 1 diabetic's health care costs, up from 23 percent in 2012."

Why does this matter? Certainly it is a pressing health and budgetary issue for some diabetics. But the impacts are even broader. Diabetes is now the most expensive chronic condition, as 25 percent of health care dollars is spent on someone with diabetes, and 14 percent is spent directly on diabetes-related expenses. The rising costs of diabetes largely tracks the dramatic increase in the cost of [prescription insulin](#) and 57 percent of diagnosed diabetics are in a public program such as Medicare, Medicaid, or the Children's Health Insurance Program. As a result, taxpayers foot two-thirds of the diabetes bill.

Given all this, the most shocking finding in the paper is that the *net* price – the price received by manufacturers after paying rebates – of the most common insulin products has fallen recently. For example, Eli Lilly released data showing that "the list price of Humalog increased 27 percent from 2015 to 2019, while the net price decreased 14 percent. Sanofi's latest pricing report shows that since 2012, the average list price for all its insulin products increased 126 percent by 2018, while the average net price has decreased 25 percent."

How did this happen? It turns out that insulin is the extreme form of everything that bedevils drug prices in the United States. The rebates are the largest as the few manufacturers fight for prominent placement in formularies and innovation costs are substantial, and until the past month, there was no pathway for biosimilars to enter and compete for market share.

The pandemic has (properly) pushed other policy issues to the rear, but when drug pricing re-emerges be sure that the insulin market will be front and center.