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January 13, 2023

RE: AN ACT to amend the insurance law, in relation to capping cost sharing for insulin

S.504 (Rivera)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shield Plans strongly oppose enactment of this legislation, which would limit the out-of-pocket expense for insulin to \$30 for every 30-day supply of insulin. While well-intentioned, this bill fails to address the true cost drivers of insulin and will result in increased premiums for all New Yorkers.

The 2020-21 Enacted State Budget included language that limited out-of-pocket expenses for insulin to \$100 for every 30-day supply, regardless of the type or amount needed. This provision went into effect for health insurance policies issued or renewed on or after January 1, 2021. Thus, this law has only recently taken effect and there has been no documented evidence that the cost-sharing amount needs to be reduced further. Nevertheless, **the savings that the enacted cost-sharing cap and this amendment promise to deliver are illusory. While it would reduce the out-of-pocket costs for certain patients, it would result in corresponding increases to insurance premiums for all enrollees.** By lowering the cost-sharing cap without any mechanism to lower the underlying cost of insulin, insurers must this cost difference through premium increases borne by all New Yorkers – including those insulin users this bill is intended to benefit.

While there is no question that the cost of insulin is directly impacting New York residents with diabetes, establishing a **cap on the cost-sharing for insulin will only encourage drug manufacturers to continue to increase the price this century-old drug.** Notably, the cost of insulin has tripled over the past decade; and, just between 2012 and 2016, the cost more than doubled from \$234 a month to \$450 a month.¹ As insulin was developed in 1923, there is little to no justification for the increased price – which is simply the latest example of pharmaceutical price

¹ Health Care Cost Institute, *Spending on Individuals with Type 1 Diabetes and the Role of Rapidly Increasing Insulin Prices*, January 2019, available at https://healthcostinstitute.org/images/easyblog_articles/267/HCCI-Insulin-Use-and-Spending-Trends-Brief-01.22.19.pdf

gouging.² However, a cap on cost sharing will just conceal these practices and disguise increased prices as hikes to insurance premiums.

Whether residents pay for the profits of Big Pharma costs through co-payments or premiums, all New Yorkers are negatively impacted by unwarranted increases to the costs of prescription drugs. In order to truly facilitate access to affordable insulin for New Yorker's who rely on this necessary medication, measures to address artificially inflated insulin prices must be adopted. Absent such actions, those individuals relying on insulin and all participants in the health care system will only continue to suffer from these unmitigated price increases.

For all of the forgoing reasons, the New York State Conference of Blue Cross and Blue Shield Plans strongly opposes the enactment of this legislation.

Respectfully submitted,

HINMAN STRAUB ADVISORS, LLC
Legislative Counsel for the Blue Cross and Blue Shield Plans

4845-5833-9038, v. 1

² While older insulins have been replaced with newer, incrementally improved products, the new formulations fail to justify the price increases for insulin. In fact, many products have been continuously available for years without improvements, yet their price tags have gone up at a much higher rate than inflation. Luo, *Strategies to Improve the Affordability of Insulin in the USA*, The Lancet, Vol. 5, Iss. 3 (2017), available at [https://www.thelancet.com/journals/landia/article/PIIS2213-8587\(17\)30041-4/fulltext](https://www.thelancet.com/journals/landia/article/PIIS2213-8587(17)30041-4/fulltext)