What does lack of transparency in the Diabetes Drug Supply Chain mean for consumers?

- When diabetes drugs are excluded from formularies, an additional burden is placed on consumers and their providers to find suitable replacement drugs.

- Out-of-pocket expenses for consumers differ depending on the type of insurance and the type of insulin prescribed. Uninsured consumers often pay all or most of the list price.

- Drug cost uncertainty for consumers can create a dangerous condition where patients are non-compliant with provider recommended insulin dosing.

- Consumer health can be negatively impacted by drug formulary changes and exclusions.
Explaining the High Costs and Impacts on Consumers

**Pharmacy-Benefit Manager**
- Discounts and rebates that are negotiated by PBMs and drug manufacturers are often considered proprietary and are not transparent
- PBM often provide utilization management services to their clients and ultimately decide which drugs on their formularies are given utilization management

**Drug Maker**
- Analog insulins are expensive and widely prescribed, but may be no more effective than human insulin for some individuals with diabetes
- Certain regulations can inhibit the development of biosimilar insulins, which reduces overall marketplace competitiveness

**Wholesaler**
- Wholesalers typically benefit when the list price of insulin and other diabetes drugs increases, because they may receive a handling fee from the drugmaker that is based on a percentage of the list price

**Pharmacy**
- As diabetes drug list prices increase, pharmacies tend to generate higher profits due to higher discounts and other dispensing fees
- Discounts and fees negotiated between pharmacies and PBMs are often not transparent. These negotiations impact the overall price consumers pay for life saving diabetes drugs

**Health Insurer**
- High deductible or coinsurance insurance plans can mean high out-of-pocket costs for many individuals with diabetes
- Rebates typically influence formulary placement. PBMs often exclude insulin from their formularies given low drug manufacturer rebates

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