U.S. Chamber of Commerce

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May 10, 2023

The Honorable Bernie Sanders
Chair
Committee on Health, Education,
Labor, and Pensions
United States Senate
Washington, DC 20510

The Honorable Bill Cassidy, M.D.
Ranking Member
Committee on Health, Education,
Labor, and Pensions
United States Senate
Washington, DC 20510

Dear Chair Sanders and Ranking Member Cassidy:

The U.S. Chamber of Commerce ("the Chamber") appreciates the opportunity to share its concerns regarding today's hearing entitled, *"The Need to Make Insulin Affordable for All Americans."*

The Chamber supports efforts to help ensure that every American has equitable access to life-saving insulin at fair market prices. However, we are concerned this hearing is based on a false narrative[1] that, if translated into policy, would lead to fewer treatments and medications for Americans suffering from diabetes. This false narrative ignores two significant facts:

- Today's insulin is a far cry from the insulin of years past and to paint it otherwise is inaccurate and fails to recognize the evolution and innovation of industry in improving the quality and duration of life for individuals with diabetes.

- Mandating government price controls such as out of pocket caps will not happen without additional repercussions which could include less innovation in the future and/or increased premiums.

I. 2023 Insulin is a hardly a 100-year-old treatment.

Today's insulin provides greater treatment flexibility, more accurate dosing tools, and fewer side effects than the original insulin extracted from animals a century ago and

[1] Many Members of Congress seemingly attribute the price of insulin solely to alleged "greed" by America's life science innovators. This is false. Such a narrative conveniently ignores that while prices have risen significantly in the past five years on a list-price basis, manufacturer net revenues have been declining and patient out-of pocket costs have been flat or have risen only slightly. *See Diabetes Costs and Affordability in the United States*, IQVIA Institute for Human Data Science, June 2020.

is only available because of the significant research, and development expenditures of America's life science innovators; government mandated, artificial price-caps would destroy the insulin innovation pipeline that has delivered long and productive lives to diabetics with diverse health profiles, denying enhancements to those with as yet unmet medical needs.

False claims that today's insulin is no different than the hormone isolated in 1921 ignore the vast innovations which have transformed insulin medication over a century of investment. Just as today's automobiles bears little resemblance to those from 100 years ago, so too does modern insulin. A century ago, patients were treated with insulins from pigs and cattle. Today, patients have access to insulins that operate at the molecular level, which more closely resemble insulin released naturally in the body.[2] In 2023, insulin and the way it is delivered have transformed the health and well-being of millions of Americans.

When insulin was first discovered in 1922, life expectancy for diabetes patients improved drastically. However, original insulin treatments were burdensome, painful, and difficult to administer, requiring patients to inject treatment every six hours, including in the middle of the night.[3] Due to additional research and development by innovative life science companies, by the 1950s, American patients had access to long-acting, rapid-acting, and intermediate-acting forms of insulin, which allowed for less frequent injections so that patients could sleep through the night.[4] This extensive and incredibly expensive innovation continued, and by the 1980s, American patients had access to not only synthetic insulin, which reduced the frequency of injection site and allergic reactions, but also insulin pens, which made diabetes management easier, more convenient, and less painful, thus increasing compliance and healthcare outcomes for patients.

By the 2010s, insulin innovation resulted in the development of "rapid and long-acting insulin analogs" that allowed patients to better manage and control their disease.[5] Better disease management and control afforded patients greater flexibility in dosing, decreased gains or loss of weight, reduced hypoglycemia, and fewer hospital visits. In addition, insulin innovation resulted in new delivery methods, including an injection-free, inhaled insulin and an insulin pen for juvenile diabetes patients who typically require more precise dosages. Finally, by the end of the last decade, insulin innovation ensured

[2] *Advances in Insulin Treatment over the Past Century*, PhRMA, April 10, 2019.
[3] *Id.*
[4] *Id.*
[5] *Id.*

that patients had access to more stable and consistent forms of insulin, which could be delivered for 24 hours or longer, a massive advancement from the original insulin.

As a result of these medical innovations, Americans who have diabetes are living longer lives and are in better health. In other words, the significant and costly medical innovation that has occurred since 1922 has transformed the lives of diabetes patients. Because of the more flexible options and accurate dosing tools provided by modern insulin, 1 million fewer Americans visit the hospital for diabetes-related care every single year. This not only improves their own health and well-being, but it also saves the U.S. healthcare system $8.3 billion **every year**.[6] Modern insulin may not be able to cure diabetes yet, but with more than 20 products on the market, it is a lifesaver and a life changer for millions of Americans with diabetes.

II. Imposing Artificial Price Caps Will Not Happen in A Vacuum

The Chamber greatly appreciates the affordability challenges faced by many millions of Americans suffering from diabetes. It is critical that public and private sector efforts to address that challenge help to ensure both access to existing medicines and continued improvements that promise those affected a longer and better life. We commend the industry as a whole for taking steps to promote affordability, even while the Chamber strongly opposes government-mandated price caps that limit innovation in health care delivery. As a general matter government price caps, including via limits on out-of-pocket (OOP) costs hinder innovation, raise premiums and have other unintended consequences.

Each stage of innovation requires new investment and risk, and that risk is only made possible by the ability to recoup expenditures. According to one study, the median cost of getting a new life science innovation to market was $985 million, with an average overall cost of $1.3 billion.[7] Other studies estimate the cost, based on the amount of research and clinical trials required, could be as high as $2.8 billion.[8] The reality is that cutting-edge medical treatments, and the hope it gives to diabetes patients, is costly. To justify these substantial costs and investments, many of which never materialize or become profitable, life science innovators must have the ability to recoup expenditures. Without the ability to do so, producers will not invest in new, improved, and more accurate therapeutics and cures.

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[6] American Diabetes Association.; Jha, et al. “Greater Adherence to Diabetes Drugs is Linked to Less Hospital Use and Could Save Nearly $5 Billion Annually.” *Health Affairs*

[7] *See generally* Wouters OJ, McKee M, Luyten J, *Estimated Research and Development Investment Needed to Bring a New Medicine to Market*, 2009-2018, JAMA, March 3, 2020

[8] Robert Zirkelbach, *The Cost of Innovation*, PHRMA, November 19, 2014.

For the Chamber, the insulin innovation ecosystem is highly successful and benefiting patients. But it's clear there is still more to do. Academic and industry researchers continue to look for ways to improve insulin and thus improve life expectancy and quality of life for people with diabetes. From developing insulin that can turn itself on and off in response to glucose in the blood, to better dosage requirements that increase patient compliance and reduce patient discomfort, the next generations of insulin that are in development can and will be a game changer for millions of Americans.

Continued progress in insulin development is essential for ensuring that Americans with diabetes and other chronic conditions can live long, healthy, and productive lives. However, this innovation, like the innovation before it, comes at a cost—significant investments in research, development, and clinical trials—necessary to bring new and improved insulin treatments into the marketplace. When the government imposes artificial price caps on innovation, it endangers access to better treatments—harming diabetes patients the most.

Separate and independent from the impact artificial government price caps will have on innovation, some research suggests that such caps increase consumer healthcare costs.[9] For example, the Manhattan Institute found that a $250 per month cap on all out-of-pocket pharmaceutical spending would only benefit approximately

1.5 million people – less than 1% of all Americans who receive prescription medicines in a given year.[10] In addition, that research found that almost half of the beneficiaries of a price cap would be individuals who earn more than 400 percent above the federal poverty level.[11] And while these individuals would see significant savings due to government-mandated price caps, these costs would simply be passed to health plans and "ultimately borne by all Americans through higher premiums."[12]

The National Coalition on Health Care reached a similar conclusion in their assessment of proposed artificial price caps and found that while a cap may benefit a

[9] Herrick, *supra* note 7 ("Unfortunately, state and federal proposals to cap drug cost-sharing could actually lead to higher drug prices, higher premiums and force millions of Americans to pay more, albeit indirectly. If policymakers are successful in their attempts to limit cost-sharing, you can bet there will be drugs whose prices reach the stratosphere.").
[10] Yevgeniy Feyman, *Out-of-Pocket Caps: The Wrong Way to Tackle High Drug Prices*, Manhattan Institute, Issue Brief No. 49, March 2016.
[11] *Id.*
[12] Herrick, *supra* note 7.

few individuals, most will see higher costs via increased premiums.[13] Similarly, for Medicare beneficiaries, the Congressional Budget Office found that artificial price caps would either lead to higher premiums for beneficiaries or to Medicare—i.e., hardworking taxpayers—having to cover the difference between the cap and the actual price of medications.[14] As a result, taxpayers would be on the hook for an additional $6.6 billion in spending, which will disproportionately benefit people with higher socioeconomic status.

Given that arbitrary government price caps would only benefit a limited number of higher-income consumers—estimated at less than 1% of all Americans who receive prescription medication—and the significant costs they would impose in the form of increased premiums or taxpayer support, this approach makes no sense. This Committee should recognize the fundamental market distortions and costs that will occur because of arbitrary government price caps and should reject the legislative efforts to impose them.

III. Conclusion

This Committee must reject legislation that artificially imposes price controls. Such proposals will only ultimately harm Americans by hindering the ability of innovators to research, develop and bring to market new, innovative, and life-changing treatments. Instead, this Committee should foster a legal and political environment that allows these companies to do what they do best: develop the next generation of innovations that will improve patients' lives.

Sincerely,

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U.S. Chamber of Commerce

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Health Policy
U.S. Chamber of Commerce

[13] Alex Wayne, "Insurers, Drug Makers Tussle Over 11 Drug Copay Caps," Insurance Journal, March 13, 2015.
[14] *Estimated Budgetary Effects of H.R. 6833, the Affordable Insulin Now Act*, Congressional Budget Office, March 30, 2022.