

Out-of-Pocket Spending on Insulin by Individuals with Type 1 Diabetes

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Background

Most insurance plans require beneficiaries to meet a deductible before covering medical or prescription drug costs. If prices rise sharply, this may shift the distribution of out-of-pocket spending over the calendar year, so a larger share of these costs are incurred earlier. Between 2012 and 2017, OOP spending on insulin rose modestly. In this study we examine corresponding changes in the distribution of these costs over the year.

Research Objectives

- Describe variation and year-over-year trends in out-of-pocket spending on insulin.
- Determine point-of-sale prices and how frequently patients are liable for this amount.
- Compare trends in out-of-pocket spending based on enrollment in consumer driven health plan (CDHP).

Data and Study Design

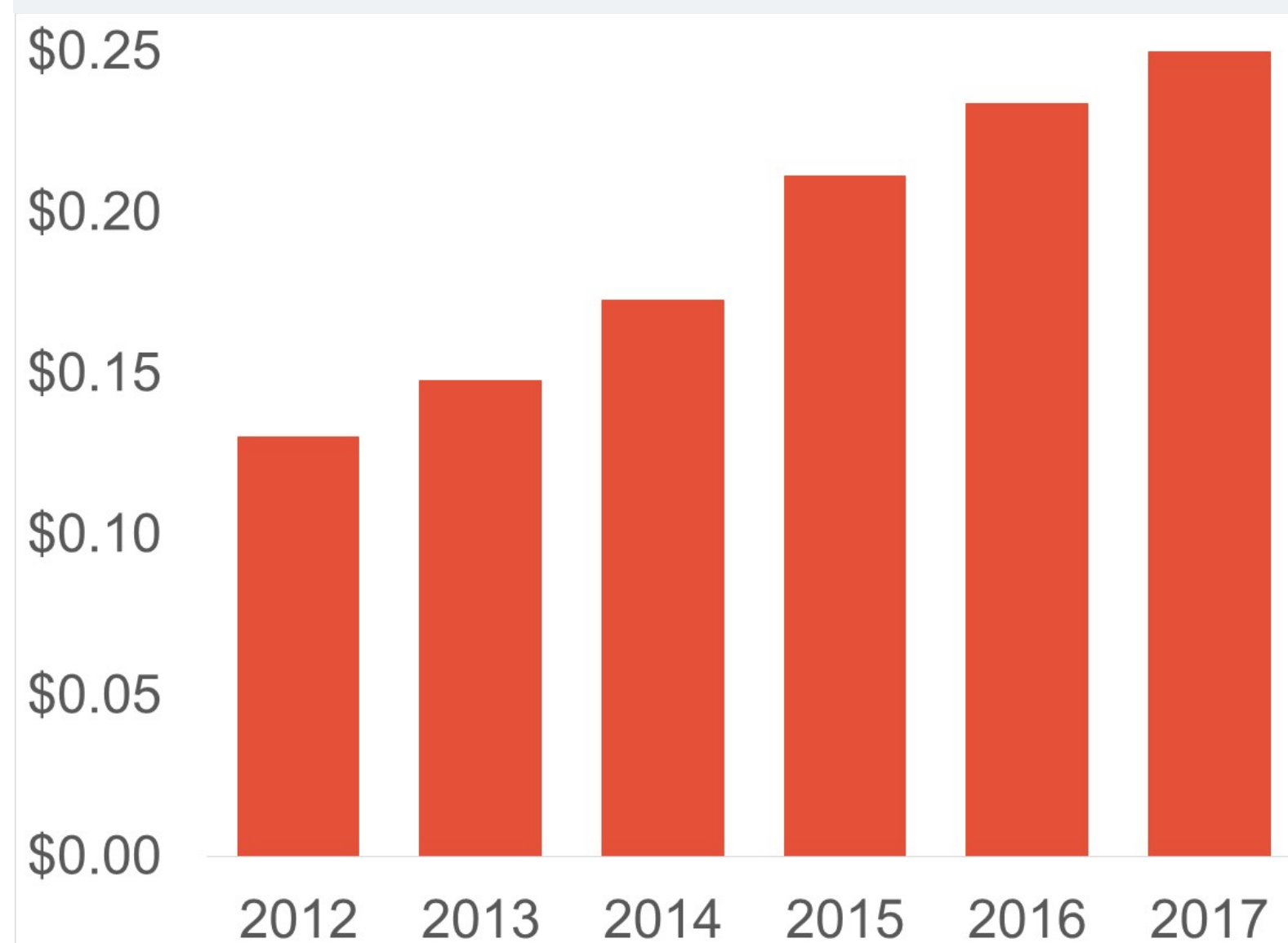
Sample: T1 diabetics enrolled in employer-sponsored insurance plan in the HCCI data.

Measures: For full sample and stratified by enrollment in a consumer-directed health plan:

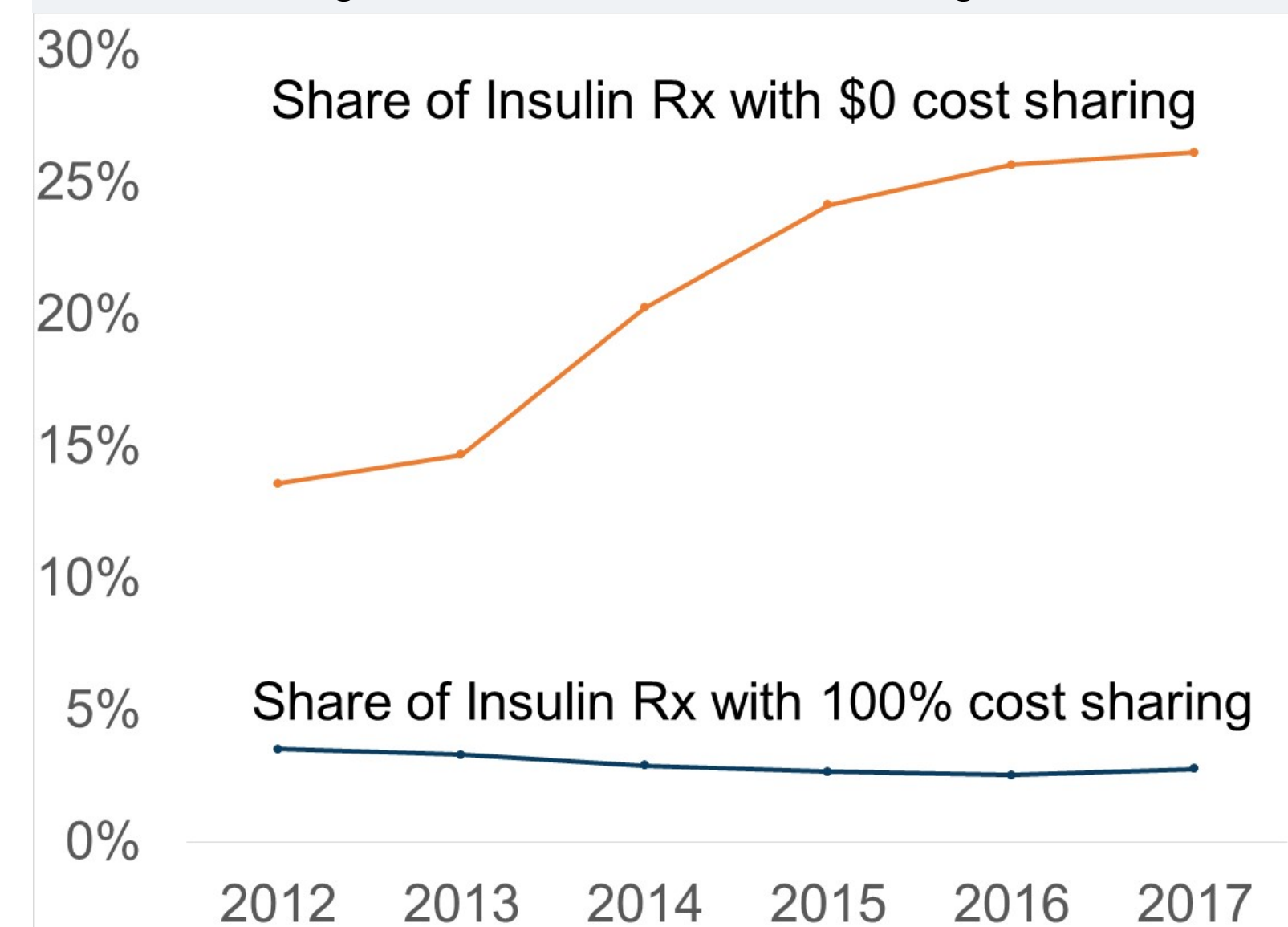
- Monthly out-of-pocket spending on filled insulin Rx.
- Average point-of-sale prices for insulin products.

Findings

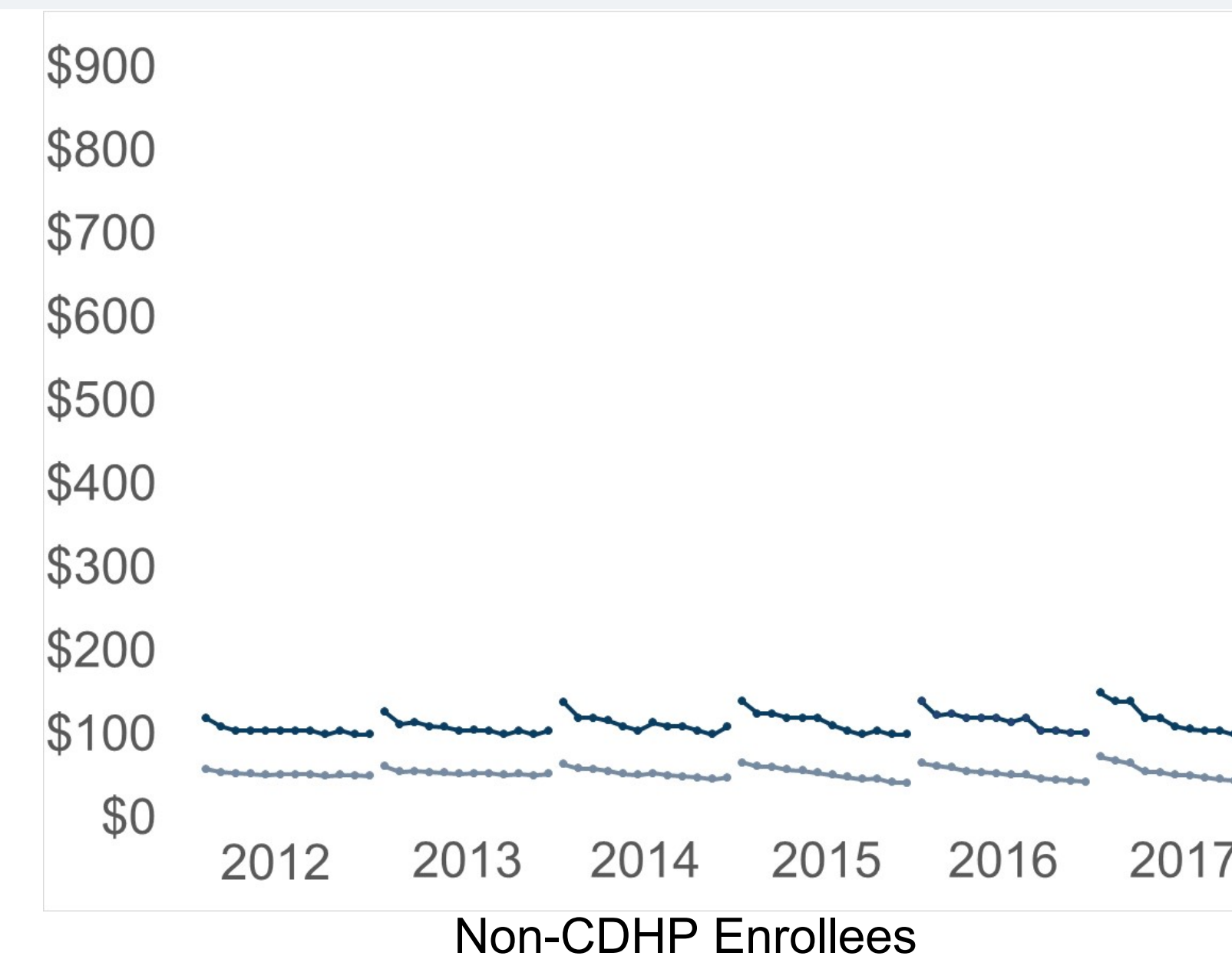
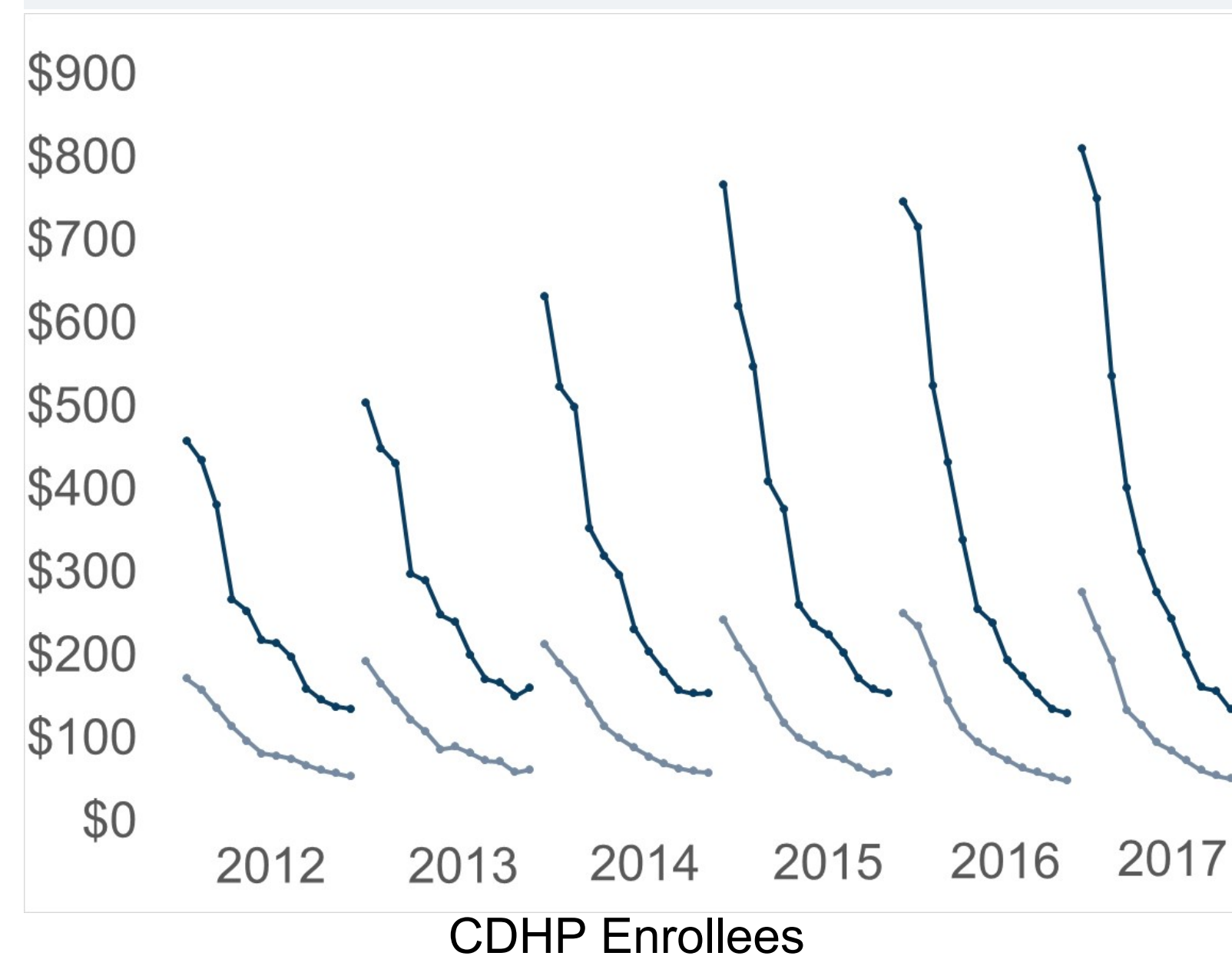
Point-of-sale price of a unit of insulin nearly doubled between 2012 and 2017



About one-quarter of filled insulin Rx had \$0 cost sharing, 3% had 100% cost sharing in 2017



Enrollees in CDHPs had greater variation in average monthly OOP spending and it increased over time. The 90th percentile of each spending distribution had greater variation than the mean.



Discussion

- Recent discussions over insulin prices have often focused on the “net price” of these products after accounting for manufacturer rebates. However, the point-of-sale price is the relevant measure for individuals who have not yet met their deductible, and are thus required to pay the full “allowed amount” at the time of purchase. This was the case for 3 percent of fills on average from 2012 to 2017.
- Rapidly rising point-of-sale prices for insulin correspond to large increases in out-of-pocket spending for these products at the beginning of the year for enrollees CDHPs. Additionally, as individuals hit their deductibles sooner, a larger share of fills required \$0 in patient cost sharing.
- Policies aimed at improving insulin affordability are likely to have widely varying effects on out-of-pocket spending throughout the year. The full range of these effects across individuals, in addition to average effects, are important to consider.