



February 6, 2020

The Honorable Andrea Salinas, Chair of the House Committee on Health Care  
900 Court St. NE  
Salem OR 97301  
RE: Opposition to HB 4073 "Insulin Co-Pay Cap"

Dear Chair Salinas and members of the House Committee on Health Care,

Kaiser Permanente exists to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. To achieve this, we must tackle the skyrocketing costs of prescription drugs. In the case of insulin – a vital, life-sustaining drug and a mainstay of treatment for many patients with diabetes – manufacturers continue to raise prices to unaffordable levels. Average insulin spending in the U.S. doubled on a per patient basis between 2012 and 2016.

Maintaining insulin affordability is a high priority for Kaiser Permanente. However, co-pay caps are not the answer. Instead, co-pay caps empower manufacturers to increase prices and make insulin even more unaffordable. These high prices must be absorbed by the employers and individual premium payers, and the rest of the health care system. In addition, co-pay caps reduce the health carrier's ability to negotiate lower prices for members. Where several similar drug products are on the market, as is the case with insulin, health plans can use formularies and other tools to drive price competition between manufacturers. Capping cost-sharing for all insulins reduces incentives for manufacturers to compete aggressively on price.

HB 4073 proposes to cap at \$100 the total cost sharing for each "supply of insulin" or all types of insulin prescribed during a 30-day period. This provision is particularly concerning to Kaiser Permanente. A similar bill recently passed in Colorado and is posing significant operational challenges to Kaiser Permanente's pharmacy operations there. We do not have systems in place to auto-adjudicate cost sharing when it applies to all drugs in a class as opposed to on a per prescription basis. We have had to implement a manual process, which requires human intervention, creating a heavy burden on our pharmacy operations and can delay delivery of the drug to the member.

Kaiser Permanente is committed to keeping insulin affordable for our members. Climbing insulin prices continue to be a major burden on our members, but our efforts to contain costs, while preserving high-quality care, have helped reduce the negative impact of insulin price increases on members. In addition to aggressively negotiating with manufacturers, utilizing the purchasing power of our 12 million members, we provided insulin at no cost to over 130,000 qualifying low-income patients in 2019 alone.

As a public policy, across-the-board copay caps undermine proven cost containment strategies that benefit all of our members and, ultimately, increase health care costs. Functionally, we have learned from our experience in Colorado that a combined cap on all types of insulin will increase administrative burden, add costs to the system for everyone and can cause delays in our members receiving their medication.

Sincerely,

Amy Fauver  
Director, Government and Community Relations

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