

# Modern Healthcare

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## Insulin has been around for 100 years, so why is it still so expensive?

Dan Liljenquist and Martin VanTrieste

Dan Liljenquist, left, is senior vice president and chief strategy officer at Intermountain Healthcare and board chair of Civica Rx and CivicaScript. Martin VanTrieste is president and CEO of Civica Rx.

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The high cost of insulin in the U.S., where some people with diabetes pay hundreds or even thousands of dollars for a month's supply, has long been a symbol of our broken healthcare system. Too many people with diabetes have been forced to ration their insulin—taking dangerously low doses to make the drug last, while driving themselves into poorer health, and in some cases, poverty.

Though there have been incremental changes recently—a handful of states have placed caps on the cost of insulin, the Affordable Insulin Now act includes a proposed nationwide cap, and some manufacturers and payers have created rebate programs, coupons or caps of their own. But this is not enough for the uninsured and underinsured.

The complexities of the U.S. insulin market are baffling. Manufacturers, pharmacy benefit managers, wholesalers, retailers, payers and employers have created a convoluted, opaque, rebate-driven rat's nest of a market that sticks patients with the bill. It's confusing. It's expensive. And it's wrong. Over the last 20 years, the average list price of insulin has increased by 11% each year, with annual per capita insulin costs nearing \$6,000. Though this structure is not exclusive to the insulin market, it forces too many patients with diabetes who depend on insulin to live to choose between paying for their medicine, their household bills or their food.

It is time to try something different. Something new.

Civica Rx, a not-for-profit with a mission to make essential, quality medicines affordable and available to everyone, recently announced a partnership with GeneSys Biologics to develop and commercialize three biosimilar versions of insulins in the U.S.—glargine, lispro and aspart.

Civica will dramatically lower the market price of insulin by introducing its insulin at the lowest sustainable price. Not only will Civica publish its wholesale prices, it plans to set a recommended price to the consumer of no more than \$30 per vial and no more than \$55 for a box of five pen cartridges, a significant discount to prices charged to uninsured individuals today.

Civica insulins are expected to be on the market as early as 2024 and will be made available to U.S. pharmacies and other distributors at the same wholesale price and on identical commercial terms, regardless of the size or purchasing scale of wholesalers or retail pharmacies.

Perhaps most important, Civica will not participate in any rebate schemes. Both fast-acting and basal insulins are among the highest rebated drugs in America. Each year, patients with diabetes are paying billions of dollars more than they should be for insulin. These systemic overpayments are collected by PBMs at the retail pharmacy counter and "rebated" on the back end to wholesalers, payers and employers, with each segment of the supply chain taking its cut. These "middlemen" in the current insulin market created the highway between drug manufacturers and patients, and then, after consolidating market power, became "highway men," extracting ever-increasing tolls from desperate patients and families.

Civica will end this form of highway robbery.

We intend to democratize insulin, ensuring that this essential medicine is affordable for all Americans. The Civica Foundation has raised over two-thirds of the \$125 million funding goal for development of Civica insulin, and these fundraising efforts will continue as we engage the broader diabetes and philanthropic communities.

For many of us involved in the effort to create a new market for insulin, this is a highly personal endeavor. We believe that organizational models like Civica's can lead to new markets, repairing old, seemingly intractable market failures. The return sought is not a direct financial return to a small set of shareholders. Our objective is to generate a societal return, improving affordability and alleviating human suffering while demonstrating that market solutions exist that can help moderate the effects of capitalism unrestrained by notions of right and wrong—models that put the needs of the patient first and always.

## Inline Play

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