

Nevada forces drugmakers to reveal insulin pricing, profits

June 16 2017, by Alison Noon

Nevada Gov. Brian Sandoval signed into law Thursday the nation's strictest requirements for pharmaceutical companies to reveal how they set certain prescription drug prices.

The bipartisan legislation focuses on insulin—one of many life-sustaining prescription treatments sold in the U.S. at [prices](#) that have skyrocketed over the last decade.

The law requires drugmakers to annually disclose the list prices they set, profits they make and discounts they give market middlemen on insulin.

They must also give state officials written explanations of any insulin price hikes that surpass the previous year's inflation rate, or are higher than twice the inflation rate of the previous two years.

"This bill has had quite a journey, we got to leave everything on the table," Sandoval said Thursday, not two weeks after he vetoed a version that would have also mandated public notification ahead of any changes to insulin prices. The bill drew hours of emotional and technical testimonies and brought deep-pocketed industry clients to dozens of statehouse lobbyists.

In the end, Sandoval said "it was a bill that I knew was incredibly important."

Market experts have said transparency on its own will not lower patient

costs.

But the leading bill sponsor, Democratic Sen. Yvanna Cancela of Las Vegas, argued that detailed pricing data can start conversations about seeking even stricter regulations and at least could equip patients with information they could use to sue manufacturers for price gouging.

Nevada's focus on insulin struck a chord nationally. Supporters from across the country flooded the governor's mailbox and email inboxes with letters urging him to sign the bill while patient groups rallied proponents using social media.

Culinary Union 226, whose leaders shaped and lobbied for the legislation this year, organized some of its 57,000 members to hang fliers and knock on doors to promote the bill in the Las Vegas area.

"I've had several near-death experiences because I couldn't afford my insulin," Las Vegas resident Rita Neanover said in a Thursday statement from the union. "I'm so relieved Nevada is finally doing something about this issue."

The bulk of the legislation takes effect in October, but the first disclosures will be due on April 1, 2018.

America's three insulin manufacturers will face fines of \$5,000 daily if they fail to provide the data without explaining why.

It was unclear whether opponents intend to comply with the law or challenge the rules in court.

However, the leading organization of market middlemen who negotiate prices between drugmakers and insurers, called pharmacy benefit managers, suggested that the law's "costly fiduciary mandate" resembles

legislation that federal courts have previously rejected based on violations of federal benefits laws.

They also believe that the law could raise their costs, said Pharmaceutical Care Management Association spokesman Greg Lopes.

It will "grant the kind of transparency that the Federal Trade Commission and economists say will raise costs by giving drug companies inside information that would empower them to collude with their competitors," Lopes said in a statement.

The law requires drugmakers to provide detailed information about their prices. Some companies already voluntarily make some of that information public, but Nevada's law will mandate that they do so in greater detail.

Some drugmakers have voluntarily released recent data on price increases but most companies currently keep specific data confidential.

The regulations are rivaled only by a recent state law in Vermont asking drugmakers to justify certain price increases of 15 percent or more.

In addition to the insulin-specific requirements, Nevada's law will outlaw "gag rules" that bar pharmacists from suggesting alternate or less-expensive prescription options.

All drugmakers will also have to register sales representatives who market prescription drugs in Nevada.

Nonprofit organizations operating in Nevada that advocate on behalf of patients or fund medical research, which could range from local diabetes networks to the American Red Cross, will be required to disclose donations they receive from [pharmaceutical companies](#), insurance

companies or benefit managers.

The proposal transitioned from a first-of-its-kind price control to a measure focused on pricing transparency during Nevada's four-month legislative session that adjourned last week.

On June 2, Sandoval vetoed a version of the bill that included a requirement for drug manufacturers to give public notice 90 days before making any changes to insulin prices.

Sandoval said in a veto message that that could create a perverse incentive for some companies to manipulate insulin supplies. Bill sponsors removed that provision.

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