State insulin price cap law cuts out-of-pocket costs by 40%, study finds

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Diabetes affects millions of Americans, with 1.4 million new cases diagnosed each year. This chronic condition is one of the leading causes of death in the United States and accounts for more than $320 billion in

annual health care costs.

In addition, insulin has become more expensive, with the cost of some formulations increasing by almost 600% in recent years. Rising costs create a financial burden and can even motivate patients to ration insulin, which can have negative health effects. To address this, Colorado passed a law in 2019 capping monthly out-of-pocket costs at $100 for state-regulated health insurance plans. Colorado was the first state to pass such a law, and other states and the U.S. federal government have since instituted insulin price caps.

Until now, however, little research has been conducted on this law's effects. In a new article published in *Health Affairs*, Dr. Benjamin Ukert, assistant professor in the Department of Health Policy and Management at the Texas A&M University School of Public Health, and colleagues analyzed data on insulin prescriptions from Colorado's All Payer Claims Database to determine the effects of the state's insulin cost-capping law.

Ukert and colleagues used data on pharmacy claims for insulin prescriptions from 40 commercial health insurers, Medicare, Medicare Advantage and the state's Medicaid program, Health First Colorado, from January 2018 to December 2021. This gave the researchers two-year periods from before and after Colorado's insulin capping law went into effect. The researchers calculated adjusted out-of-pocket costs per 30-day supply of insulin and created a variable showing whether 30-day costs were greater than $100 or not. Ukert and colleagues also used demographic data such as age, sex and rural residence in their analyses.

Their analysis found that average out-of-pocket costs for insulin dropped by about 40% in the two years after the law's passage. Annual savings were the highest for children and adults aged 18 to 34, and rural patients saw greater savings than those in non-rural areas.

"We found that patients had notably higher out-of-pocket costs earlier in the year before the law passed, likely due to not having met insurance plan deductibles," Ukert said. "This variability decreased after the cap was instituted."

The researchers also found that the number of prescriptions and days supplied increased after the law passed, indicating that some patients may have been rationing insulin prior to the cap.

Multistate analysis needed

Although the results of this study show clear effects from the 2019 law, they are limited by the single-state focus of the study. Other states with different policies and patient demographics may have different results. However, these findings are in line with similar research on insulin prescriptions following the passage of the federal $35 cap on insulin costs for Medicare Part D patients that started in January 2023. The researchers also note that there could be other unaccounted for factors that affected insulin prices. Further research that explores other factors and includes multiple states could further clarify the effects of insulin price caps.

"In short, we found that capping out-of-pocket costs on insulin prescriptions can increase patients' ability to take the full amount of medication prescribed, which can decrease the likelihood of complications and additional need for health care services," Ukert said.

He noted, however, that the Colorado law only applies to state-regulated insurers and does not address uninsured patients. Further policy work will be needed in those areas and the findings of this study and future related research will help inform policymakers as they attempt to improve health outcomes and reduce health care expenses.

More information: Benjamin D. Ukert et al, Colorado Insulin Copay Cap: Lower Out-Of-Pocket Payments, Increased Prescription Volume And Days' Supply, *Health Affairs* (2024). DOI: 10.1377/hlthaff.2023.01592

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