

Impact of Recent US Pricing Policy on the Price of Diabetes Drugs in the US

Fan, HM, Melck, B, Izmirliева, M
GlobalData, London, United Kingdom

Objectives

The price of diabetes drugs has been a hot topic in the US for some time, with patient advocacy groups continually calling for action to lower prices. Lawmakers in US Congress have been debating this topic and have discussed several possible solutions in recent years. Since the beginning of 2023, some of the provisions of the US Inflation Reduction Act (IRA) that aim to make diabetes drugs more affordable have come into effect. This analysis explores the impact of the insulin-related provisions of the IRA on diabetes drug prices in the US.

Methods

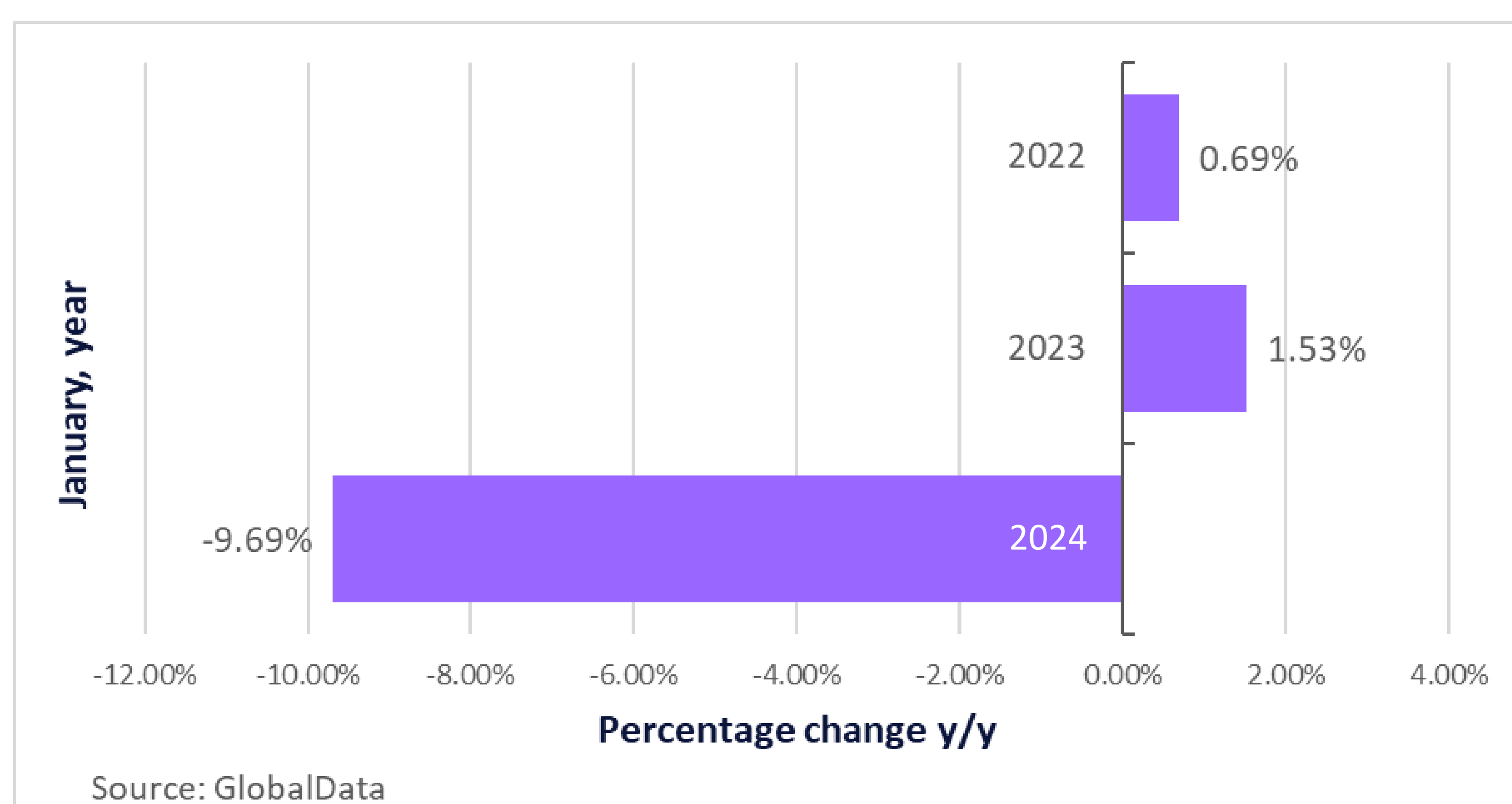
Using GlobalData's POLI database, the overall US price trends of branded drugs used for the treatment of diabetes were examined for the period between January 1, 2022, and January 1, 2024. Additionally, the price histories of several commonly used branded diabetes drugs were examined individually for the same period in POLI. The drugs included in this analysis comprise five insulins: Humalog (insulin lispro), Lantus (insulin glargine), Levemir (insulin detemir), Novolog (insulin aspart), and Apidra (insulin glulisine); and 5 non-insulins: Ozempic (semaglutide), Trulicity (dulaglutide), Jardiance (empagliflozin), Farxiga (dapagliflozin), and Mounjaro (tirzepatide).

Results

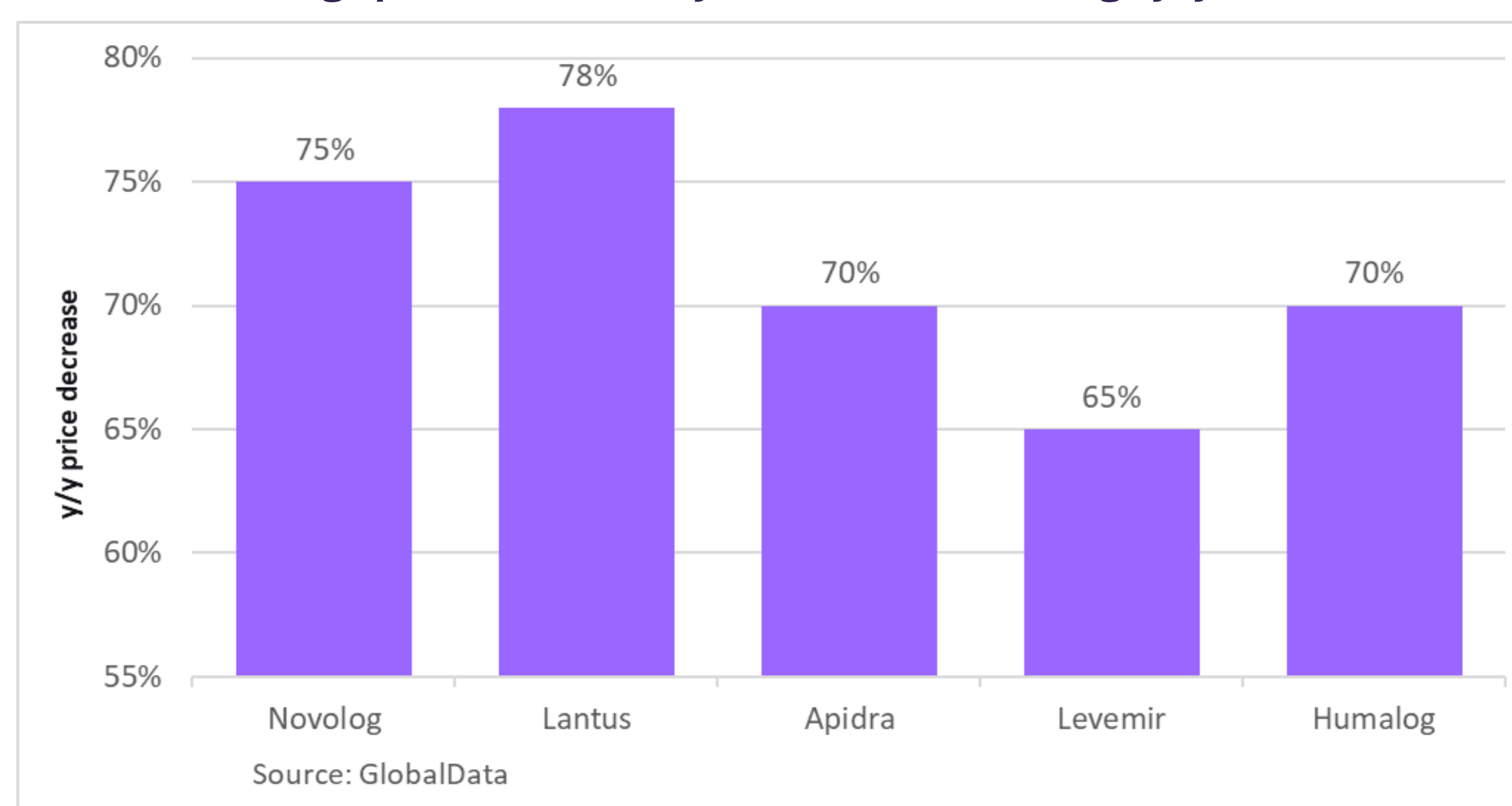
Data from GlobalData POLI Indicators demonstrates the changes in all branded diabetes drug prices in the US in the month of January in the years 2022, 2023 and 2024. The price for all branded diabetes drugs was 0.69% higher year-on-year (y/y) in January 2022 and 1.53% higher y/y in January 2023. The data indicates a steady increase in prices for branded diabetes drugs in January 2022 and January 2023. However, in January 2024, branded diabetes drug prices were 9.69% lower y/y. This is in reflection of policy changes coming into effect and price cuts being implemented by pharmaceutical companies.

The price history of 10 popular and commonly used insulin and non-insulin diabetes drugs were examined separately for the period from the month of January in the years 2022, 2023, and 2024. This was done to explore which class of diabetes drugs has experienced higher list price reductions between 2023 and 2024. In addition, evaluating the individual drugs would demonstrate which drugs have been most affected by corporate strategies and healthcare policy. The five individual insulin products reviewed experienced price cuts ranging from 65% to 78% y/y in January 2024.

Percentage change in price of selected branded diabetes drugs y/y between January 2022 and 2024

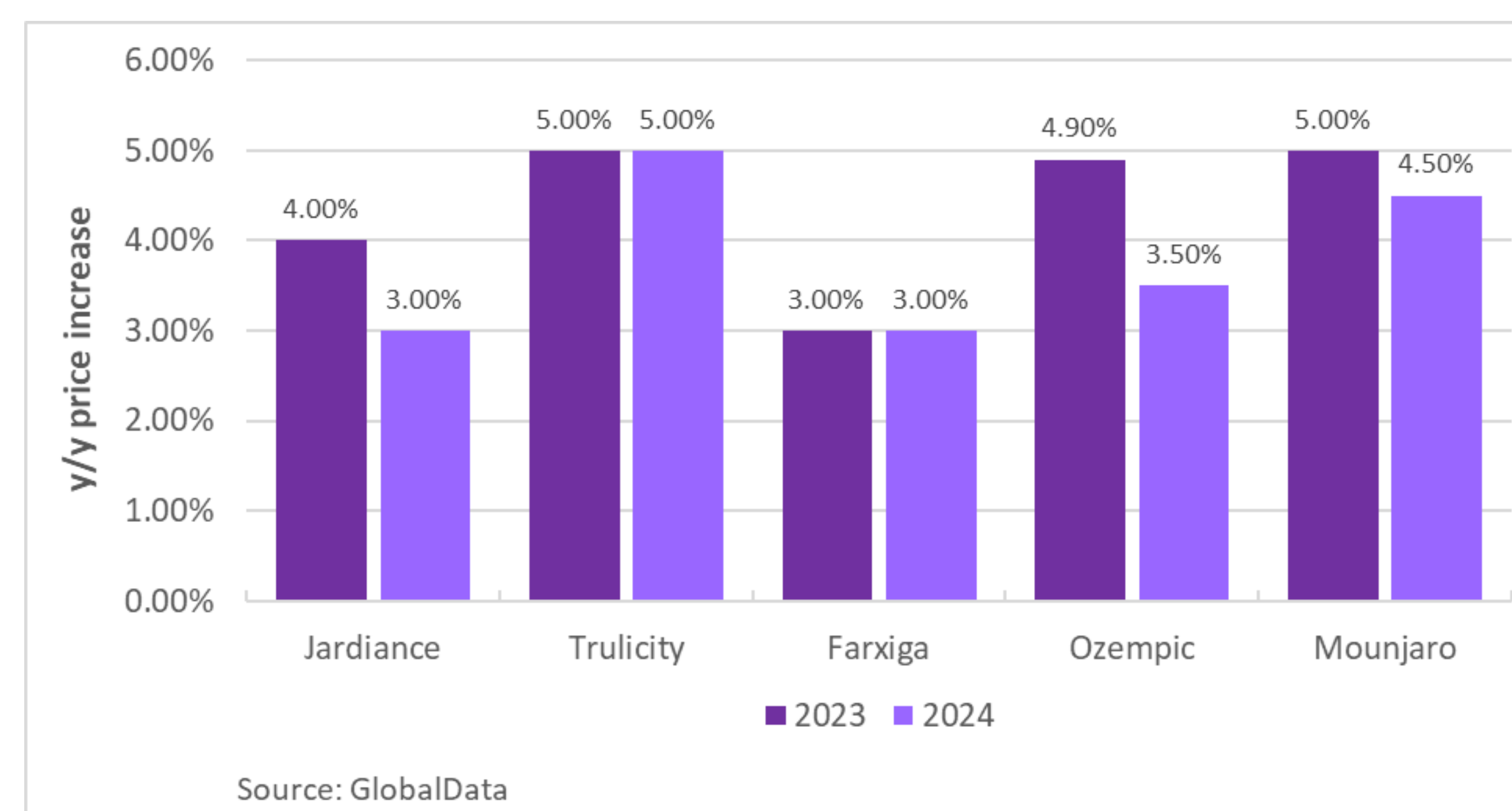


Percentage price reduction of branded insulin drugs y/y 2024



The y/y price-changes for the non-insulin drugs were markedly different. Non-insulins, which are not required to have their prices reduced under the IRA provisions, saw price increases over the review period of 3%-5% y/y in January 2024. When comparing to the previous year, this increase was smaller in 2024 for some drugs. Notably, Ozempic, Mounjaro, and Jardiance experienced lower y/y price increases in 2024 than in 2023.

Percentage increase in price of selected branded non-insulin diabetes drugs y/y between 2023 and 2024



Conclusions

Pharmaceutical companies had made pledges to reduce their insulin prices and implemented price cuts earlier this year. The IRA provisions for diabetes drugs appear to have been effective. Most of the diabetes price cuts come from the three major insulin provider, Eli Lilly, Sanofi, and Novo Nordisk, imposing price caps for their branded insulin products from January 1, 2024, suggesting that this is in direct response to the IRA provision imposing a monthly prescription price cap of \$35 for insulins. No similar price cap was imposed for non-insulin diabetes drugs, and POLI data confirms that pharmaceutical companies did not undertake drastic price cuts in line with the those for insulins. The price trends for non-insulin products appear to be reactions to several changes in the market, including: an IRA provision that restricts price rises to the level of inflation, the changes in calculation of Medicaid rebates in 2024, and the rise in competition from lower-cost generic versions. The price cuts seen in insulins-also reflects a shift in corporate strategy to focus on more lucrative diabetes products, such as GLP-1 agonists.