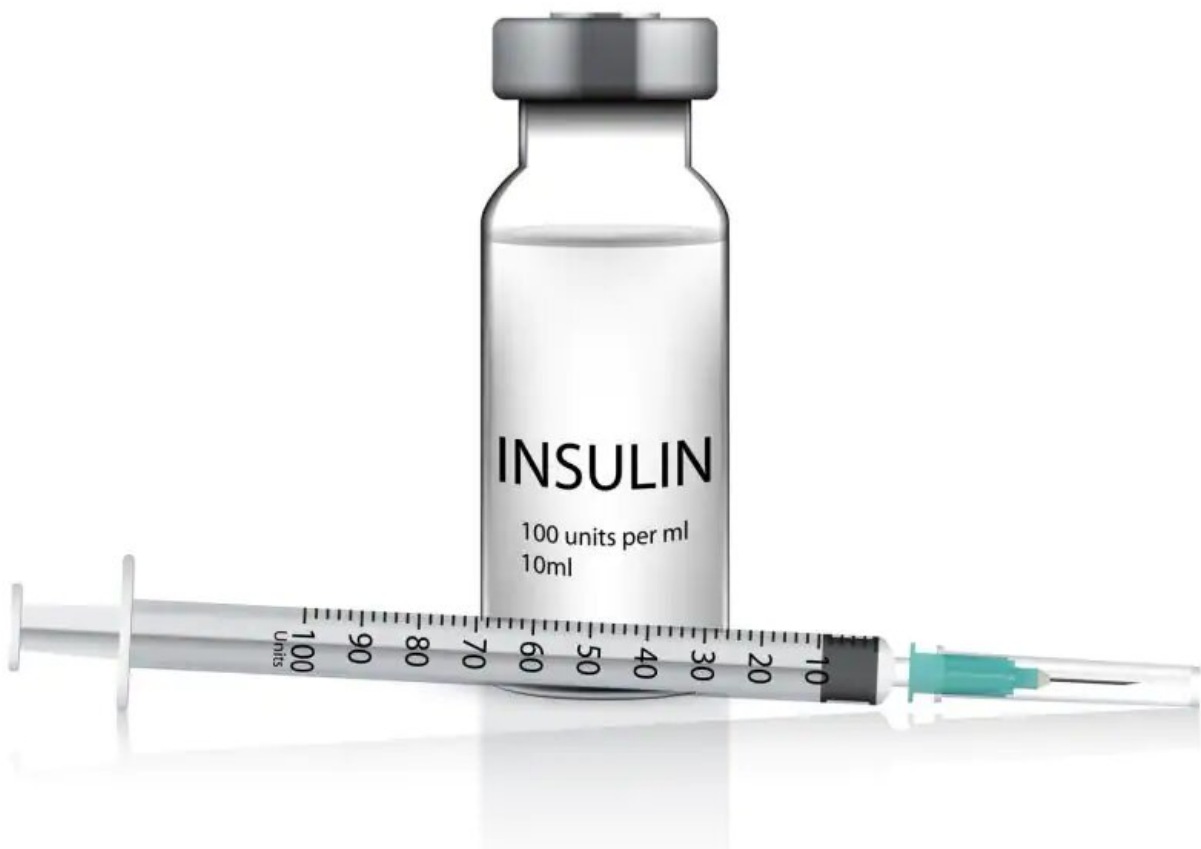


# Medicare could save billions if allowed to negotiate insulin prices

February 4 2020, by Serena Gordon, Healthday Reporter

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(HealthDay)—If you don't need insulin, you probably haven't paid much

attention to its skyrocketing cost, but new research shows that exorbitant drug pricing eventually affects everyone.

The study found that in 2017, Medicare spent nearly \$8 billion on insulin. The researchers said that if Medicare were allowed to negotiate [drug](#) prices like the U.S. Department of Veterans Affairs (VA) can, Medicare could save about \$4.4 billion *just* on insulin.

"Medicare now accounts for a third of all drug spending. Legislation allowing Medicare to negotiate prices and establish a central formulary would help save taxpayers money," said the study's lead author, Dr. William Feldman.

"We just looked at insulin, but other studies have shown other drugs would have savings as well," Feldman added. He's a research fellow at Brigham and Women's Hospital and Harvard Medical School in Boston.

The VA already has the ability to get discounts on drugs and to negotiate prices. It has also established a national formulary. A formulary is a list of drugs that are approved for treating certain conditions. Feldman said if a formulary only accepts a few drugs for each condition, there's more competition and flexibility in pricing as companies try to get their drug included.

Other governments—like Canada—use their large buying power to negotiate better prices. But the law that established Medicare Part D said Medicare cannot interfere with negotiations between [health plans](#) and pharmaceutical companies, according to the journal *Health Affairs*. That means Medicare Part D, by law, cannot negotiate [drug prices](#) like other governments do.

And that lack of negotiation has had a big impact on pricing.

Lija Greenseid, a Minneapolis mother of a teenager with type 1 diabetes, saw those differences first-hand when her family traveled overseas. A box of insulin pens has cost the family as much as \$700 in the United States. That same box was \$73 in Germany, \$57 in Israel, \$51 in Greece and \$61 in Italy. (Those prices were based on 2017 exchange rates.)

"It's completely outrageous what we pay here," Greenseid said.

To see what effect the ability to negotiate prices and set up a formulary might have on insulin prices in the United States, researchers looked at Medicare Part D spending in 2017. They compared insulin prices between Medicare Part D and what the VA paid for the same medications.

In all, they looked at 31 different insulins.

Total spending on [insulin](#) for Medicare Part D was \$7.8 billion after manufacturer rebates. If Medicare had been able to use the same prices negotiated by the VA, it would have saved \$2.9 billion.

If Medicare could use VA pricing and a national formulary, the projected savings would be \$4.4 billion, the study found.

"We were looking at a drug that's been around for 100 years and should be cheaper. Medicare now accounts for a third of all drug spending. If Medicare negotiated [prices](#), it could make a huge difference in health care spending," Feldman said.

The findings were published online Feb. 3 as a letter in *JAMA Internal Medicine*.

Dr. Robert Steinbrook, an editor-at-large of the journal, wrote an accompanying editorial.

"The evidence indicates that formulary restrictions and price negotiations can decrease the cost of drugs," he said. "There are opportunities for the federal government to save billions of dollars each year for Medicare beneficiaries."

Steinbrook said it's important for people to realize that there are effective measures that can slash drug costs.

"Now is the time for Congress and the executive branch to act," he said.

**More information:** If you're having trouble affording insulin, the American Diabetes Association has a website detailing [where to get insulin help](#).

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