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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

DAVID P. CLEARY, STAFF DIRECTOR
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<http://help.senate.gov>

February 5, 2019

Mr. David Ricks
Chairman and Chief Executive Officer
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, IN 46285

Dear Mr. Ricks:

We write to seek an explanation for increases in the prices of Eli Lilly and Company's insulin products. Over 30 million people live with diabetes in the United States, and for 7.5 million patients, insulin is a critical and life-sustaining daily treatment.¹ At a total cost of \$330 billion per year – a 26 percent increase since just 2012 – diabetes is the most costly chronic illness in the United States, in large part due to the high cost of medication.²

Eli Lilly is one of the three companies that produce insulin in the United States. These companies have sharply raised the prices of insulin in the last twenty years. From 2002 to 2013, the cost of the medication tripled.³ A new study by the Health Care Cost Institute found that spending on insulin nearly doubled from 2012 to 2016, while there was little change in the total use of insulin over that same period.⁴ The study found that in 2016, a person with type 1 diabetes spent an average of \$18,494 on health care; 31 percent – or \$5,705 – of those costs were insulin. Meanwhile, the cost of other drugs for diabetes have decreased or stayed the same.⁵

The increase in the price of insulin has been responsible for driving average price increases for all injectable brand-name drugs.⁶ A recent study by the University of Pittsburgh examined the source of rising drug costs, particularly focusing on whether new product entry or existing product inflation drives increases in drug prices.⁷ The study found that rising costs of injectable brand-name drugs are mostly due to existing products on the market and highlighted insulin as a source of increasing costs, noting “[i]n 2012–16 cost increases were due to inflation in the prices

¹ <http://www.diabetes.org/newsroom/press-releases/2018/insulin-affordability-white-paper-release.html>

² <http://care.diabetesjournals.org/content/41/6/1299>

³ <https://www.ncbi.nlm.nih.gov/pubmed/27046369>

⁴ <https://healthcostinstitute.org/research/publications/entry/spending-on-individuals-with-type-1-diabetes-and-the-role-of-rapidly-increasing-insulin-prices>

⁵ <https://www.sciencedaily.com/releases/2016/04/160405122030.htm>

⁶ <https://www.healthaffairs.org/doi/10.1377/hlthaff.2018.05147#EX4>

⁷ <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2018.05147>

of existing drugs, particularly insulins.” By contrast, for generic drugs and specialty drugs, rising costs were mostly driven by new products entering the market.

According to the World Health Organization,⁸ insulin is an essential medicine, meaning that access to this drug at a price that individuals and communities can afford is a basic requirement of a functioning health care system. Unfortunately, rapidly increasing insulin prices mean that for many patients, access to this essential medicine is threatened. Patients have had to resort to desperate measures when confronted with increased insulin prices or high cost-sharing for their prescriptions.⁹ Some patients have turned to GoFundMe pages to request help paying for insulin, and one in four diabetic patients report rationing the medication because of the cost, with potentially devastating consequences.¹⁰

It is clear these steep price increases are resulting in patients lacking access to the life-saving medications they need. To help us understand the motivations for these price increases and efforts by Eli Lilly to ensure patients can afford insulin, please provide the following information by no later than February 19, 2019:

1. Please provide the following price information for each of your insulin products for each year from 2012 to present:
 - a. List price;
 - b. Average amount, per prescription, paid by individuals covered by commercial health insurance after cost-sharing;
 - c. Average amount, per prescription, for individuals covered by insurance obtained through the Affordable Care Act federal or state health insurance exchanges after cost-sharing;
 - d. Average amount, per prescription, paid by individuals covered by Medicaid after cost-sharing;
 - e. Average amount, per prescription, paid by individuals covered by Medicare Part D after cost-sharing;
 - f. Average amount, per prescription, paid by commercial health insurers, net of all discounts and rebates;
 - g. Average amount, per prescription, paid by Medicaid, net of all discounts and rebates;
 - h. Average amount, per prescription, paid by Medicare Part D, net of all discounts and rebates; and
 - i. Total amount Eli Lilly received in reimbursement from the federal government.
2. Please explain the increases in the list prices for Eli Lilly’s insulin products from 2012 to present. How does Eli Lilly project the cost of its insulin products changing over the next five years?
3. How is Eli Lilly using the revenue obtained through the price increases? What new research and development has Eli Lilly conducted with the funds obtained through insulin price increases? What improvements to your insulin products were funded through the

⁸ <http://apps.who.int/iris/bitstream/handle/10665/273826/EML-20-eng.pdf?ua=1>

⁹ <https://www.npr.org/sections/health-shots/2018/09/01/641615877/insulins-high-cost-leads-to-lethal-rationing>

¹⁰ https://www.washingtonpost.com/news/magazine/wp/2019/01/07/feature/insulin-is-a-lifesaving-drug-but-it-has-become-intolerably-expensive-and-the-consequences-can-be-tragic/?utm_term=.e0bccabb29c0

revenue obtained from insulin price increases? How specifically is Eli Lilly using revenue not going toward research and development or product improvements?

4. While many patients do not pay the full list price for insulin, some patients, such as the uninsured or underinsured, sometimes face the full costs. What is Eli Lilly doing to help those patients least able to afford the steep prices to access affordable insulin?
5. How is Eli Lilly working with pharmacy benefit managers (PBMs), insurers, pharmacies, and others to limit the burden of insulin price increases on patients and families?

Thank you in advance for your attention to this matter. If you have any questions, or would like to further discuss compliance with this request, please contact Elizabeth Letter with Senator Murray's HELP Committee Staff at (202) 224-0767.

Sincerely,



PATTY MURRAY
United States Senator



BERNARD SANDERS
United States Senator



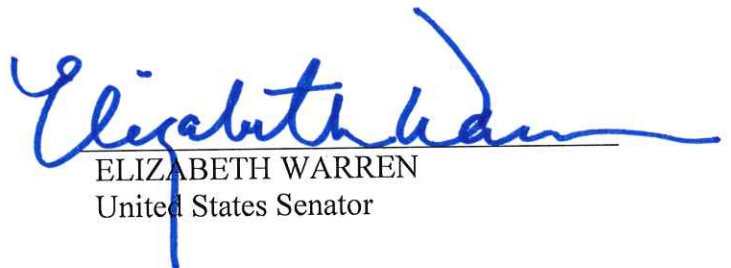
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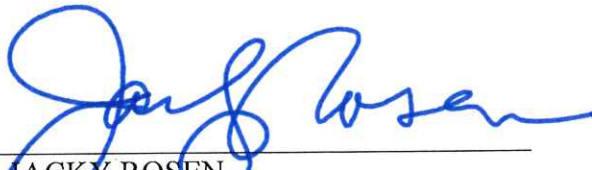
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DOUG JONES
United States Senator



JACKY ROSEN
United States Senator

cc: The Honorable Lamar Alexander
Chairman
United States Senate Committee on Health, Education, Labor, and Pensions