Impact of Insulin Cost-Sharing Caps on Utilization and Out-of-Pocket Costs: Findings from CHBRP's analysis of Assembly Bill 2203

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AcademyHealth ANNUAL RESEARCH MEETING

The California Health Benefits Reveiw Program

The California Health Benefits Review Program (CHBRP) analyzes health insurance benefit mandate legislation at the request of the California Legislature. CHBRP examines the medical effectiveness of proposed tests, treatments, or services and estimates fiscal and public health impacts. These analyses are evidence-based, objective, and completed with multi-disciplinary teams consisting of researchers and faculty from University of California campuses.

RESEARCH OBJECTIVE

In 2020, CHBRP was requested to analyze Assembly Bill (AB) 2203, which would cap allowed cost-sharing (e.g. copayments, coinsurance, deductible) for insulin to $50 for a 30-day supply and no more than $100 per month total, regardless of the amount or type of insulin prescribed. As insulin prices have risen over the last decade, cost sharing for enrollees has also increased. A small share of enrollees may use less insulin than prescribed or may not use insulin at all due to cost.

This analysis examines the impact of insulin prescription cost-sharing caps on enrollee out-of-pocket spending and utilization of insulin.

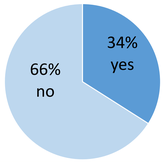
STUDY DESIGN

CHBRP used claims data from 2017 Marketscan and 2017 Consolidated Health Cost Guidelines Sources Database for California. Goldman et al. (2004) found the use of insulin decreased by 8% when cost sharing doubled. To estimate changes in insulin utilization, CHBRP applied this estimate of price elasticity of demand to enrollees exceeding the cost-sharing cap at baseline to estimate the increase in utilization of insulin postmandate.

POPULATION STUDIED

Based on bill language, the populations studied were enrollees with state-regulated commercial health insurance coverage and coverage through CalPERS, which equals approximately 13.4 million enrollees in 2021 (34% of all Californians).

Share of Californians with commercial health insurance subject to AB 2203 (in 2021)



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PRINCIPAL FINDINGS

Changes in utilization of insulin and cost sharing

Postmandate, 38% of enrollees who use insulin at baseline would experience, on average, a 47% reduction in cost-sharing, resulting in a 7% increase in utilization of insulin among these enrollees (Table 1).

Table 1	Baseline	Postmandate	Increase/ Decrease	Percentage Change
Number of enrollees using insulin	121,442	121,442	0	0%
Enrollees whose claims **do not exceed** cost sharing cap	75,059	121,442	46,383	61.8%
Enrollees whose claims **exceed** cost sharing cap	46,383	0	-46,383	-100%
Utilization per insulin user for enrollees whose claims **exceeded** cost sharing cap at baselines	0.86	0.92	0.06	6.92%
Average monthly cost sharing for enrollees whose claims **exceeded** cost sharing cap at baseline	$74	$39	-$35	-47.31

Offsets

10% decrease in diabetes-related emergency room (ER) visits due to increased insulin utilization stemming from better adherence to insulin prescription regimens.

$1.1 million lower allowed costs

Expenditures

net premium **increases** of $38,734,000

reduction in enrollee cost sharing of $16,539,000

total net annual expenditure **increase** of $22,195,000 (0.02%)

REFERENCES

CHBRP's full analysis of AB 2203 and references are available at chbrp.org/completed_analyses/index.php.

Enrollee Cost Sharing Impacts for Enrollees Exceeding Cost Sharing Cap at Baseline (Table 2)

Table 2	Baseline (uncapped annual cost)	Postmandate (capped annual cost)	Annual Savings
Top 1% of enrollees have costs/savings greater than	$3,515	$1,201	$2,709
Top 5% of enrollees have costs/savings greater than	$1,865	$915	$1,296
Top 10% of enrollees have costs/savings greater than	$1,425	$745	$793
Top 20% of enrollees have costs/savings greater than	$1,003	$583	$455
Median enrollee costs/savings	$525	$322	$153

CONCLUSION

The enrollees most likely to experience the greatest out-of-pocket reductions postmandate are those who are enrolled in plans that require significant deductibles to be met before coinsurance or copayment is applied to the insulin purchase. Among the enrollees impacted by the cost-sharing limit, enrollees with out-of-pocket expenditures for insulin in the top 1% at baseline have an annual savings of greater than $2,709.

IMPLICATIONS FOR POLICY AND PRACTICE

Cost-sharing caps for insulin prescriptions provide cost sharing relief for enrollees whose costs exceed these caps at baseline and may result in increased utilization for those who delay or forgo using insulin due to cost barriers. Increased utilization may improve glycemic control, reduce ER visits and complications related to unmanaged diabetes, and may improve quality of life.

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