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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The California Health Benefits Review Program (CHBRP) analyzed health insurance benefit mandates 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

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).

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

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.

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

REFERENCES

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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.