

Bill Summary

The version of California **Senate Bill (SB) 40** analyzed by CHBRP would limit cost sharing for insulin to \$35 for a 30-day supply and prohibit step therapy.



CHBRP assumes that mandates that reference coverage of prescription drugs are relevant to pharmacy benefit coverage.

Context

About **11.5%** of the adult population in California has been diagnosed with **diabetes**. Incidence of diabetes is highest among adults aged 65 and older.



In general, **insulin prices** have increased in recent years; cost is a **barrier** to insulin use for some individuals.

Insurance Subject to the Mandate

Of the 22.2 million Californians enrolled in state-regulated health insurance, **13.57 million** would have insurance subject to, and potentially impacted by, SB 40:

- CDI and DMHC Regulated** (Commercial & CalPERS)
- Medi-Cal**
- Federally Regulated** (Medicare beneficiaries, self-insured, etc.)

Cost Impacts



Postmandate, enrollees who had claims exceeding the cap would experience a **44%** reduction in cost sharing, resulting in **an average decrease in cost sharing of \$23** per month.

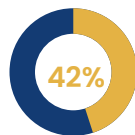
SB 40 would increase total net annual expenditures



by **\$2,147,000** or **0.001%** for enrollees in DMHC-regulated plans and CDI-regulated policies.

Utilization

39,178 enrollees (42%) have cost sharing that exceeds the SB 40 cap at baseline.



Postmandate, this group would experience a **4% increase in insulin utilization** as a result of reduced cost sharing.



Removal of **step therapy** could result in a portion of enrollees using more expensive insulins within the same therapeutic class.

Public Health Impacts



For the share of enrollees who would experience significant **reductions in cost sharing**, and therefore a clinically meaningful increase in utilization of insulin, SB 40 may result in a **reduction in health care utilization**, and potentially in **reduced complications** from diabetes over time.

Medical Effectiveness



- **Strong evidence** that higher cost sharing reduces adherence to insulin, and lower cost sharing increases adherence to insulin.
- **Strong evidence** that step therapy is associated with a lower likelihood of initiating or continuing medications.

CHBRP: California Health Benefits Review Program
CDI: California Department of Insurance
DMHC: California Department of Managed Health Care