



How to lower insulin prices without Democrats' big government price controls

By Brad Polumbo

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The so-called “Inflation Reduction Act” that Democrats just passed is really a climate and healthcare spending bill. One of the most consequential healthcare provisions included in the bill is a limit on out-of-pocket prices Medicare beneficiaries can pay for insulin, capping their copays at \$35. Republicans voted against expanding this quasi-price-control beyond Medicare to all private health insurance and opposed the broader measure as well.

Naturally, they were castigated as heartless, evil monsters who don't want people to have access to life-saving medications.

These criticisms are demagogic and unfair. There are many valid reasons to oppose these proposals, which simply shoulder costs on to taxpayers and do not address the underlying causes behind high insulin prices. But the backlash does reveal a need for serious conservative policy proposals that Republicans can rally behind in order to make insulin more affordable.

1. Make insulin available over-the-counter

Right now, the government requires diabetics to obtain regular prescriptions for insulin, even though they must regularly purchase it and quickly become extremely familiar with their own dosing and treatment needs. This adds additional layers to the process and makes insulin more expensive than it otherwise would be.

“Government increases the cost of insulin by requiring diabetics to get prescriptions before purchasing many insulin products,” the Cato Institute’s Michael Cannon says. “It makes little sense to require diabetics, who are highly knowledgeable repeat consumers of insulin, to obtain prescriptions each time they purchase it.”

“Canada generally allows diabetics to purchase any insulin product without a prescription,” he adds. “If the FDA or Congress were to remove those requirements, both the price of insulin and the ancillary costs of obtaining it would fall.”

This is an easy, free-market solution that Republicans ought to rally behind to answer the demand for more affordable insulin.

2. Get big government out of the way of generic insulin options

It's basic economics that competitive markets drive down prices for consumers, while monopolistic or concentrated markets lead to higher prices. Unfortunately, when it comes to insulin, the federal government makes it needlessly difficult to bring new competitive, generic options to the market — thwarting market forces from drastically lowering prices.

“In 2020, the FDA labeled insulin as a biologic, instead of a conventional drug,” Americans for Prosperity health policy analyst Charlie Katebi explained to me. “This makes it enormously more difficult for new generic versions of insulin to enter the market and compete. For regular drugs (known as small molecule drugs), brand-name makers can sell new drugs for five years before generics can compete with them. However, generic biologics (called biosimilars) have to wait 12 years before they can compete.”

“In addition, the FDA imposes an exceedingly harder approval process for biosimilars to enter the market,” Katebi added. “Lawmakers can remove these barriers and allow more competing insulins to enter the market and bring down the price for patients.”

At the end of the day, making life-saving medication as affordable as possible is a goal we should all support. Republicans are right to reject the Left's heavy-handed, big government “solutions” — but need to offer our own alternatives to address the public's valid concerns.