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Attorney General

Attorney General Bonta Sues Nation's Largest Insulin Makers, Pharmacy Benefit Managers for Illegal Practices, Overcharging Patients

Press Release / *Attorney General Bonta Sues Nation's Largest Insulin Ma...*

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Lawsuit accuses the companies of using unlawful, unfair, and deceptive practices to aggressively hike the cost of the lifesaving drug

SACRAMENTO — California Attorney General Rob Bonta today announced a lawsuit against the nation's largest insulin makers and pharmacy benefit managers (PBMs) for driving up the cost of the lifesaving drug through unlawful, unfair, and deceptive business practices in violation of California's Unfair Competition Law. In the U.S., insulin is so expensive that many diabetics struggle to afford it even when covered by health plans, and are forced to ration their use — sometimes with deadly consequences. More than 3 million adults in California — over 10% of the state's adult population — have been

diagnosed with diabetes. The lawsuit alleges manufacturers Eli Lilly, Novo Nordisk, and Sanofi, and pharmacy benefit managers CVS Caremark, Express Scripts, and OptumRx, have leveraged their market power to overcharge patients. A 2021 report found that insulin costs roughly ten times more within the United States than outside it.

“Insulin is a necessary drug that millions of Americans rely upon for their health, not a luxury good. With today's lawsuit, we're fighting back against drug companies and PBMs that unacceptably and artificially inflate the cost of life-saving medication at the expense of vulnerable patients,” **said Attorney General Bonta**. “No one should be forced to ration or go without basic medication that could mean the difference between life or death. California will continue to be a leader in the fight to ensure everyone has equal access to affordable healthcare and prescription medications they need to stay healthy.”

The three manufacturers named in the lawsuit produce over 90% of the global insulin supply and the three PBMs administer pharmacy benefits for roughly 80% of prescription claims managed. The lawsuit argues that because competition is highly limited in both their markets, these six companies are able to keep aggressively hiking the list price of insulin at the expense of many patients.

People from low-income households and communities of color are disproportionately impacted by the practices of insulin manufacturers and PBMs. According to the California Department of Public Health, Hispanic and Black people are much more likely to be diagnosed with Type-2 diabetes, the predominant form of diabetes, than non-Hispanic white people, and much more likely to die as a result of complications from it.

The lawsuit asserts that manufacturers and PBMs are complicit in overcharging for insulin. Manufacturers set the drug's list price and PBMs then negotiate for rebates on behalf of health plans. Because rebates are based on a percentage of list price, manufacturers raise their list prices to provide the largest rebates they can offer PBMs.

PBMs are often paid for their services with a portion of the rebate they have negotiated. This creates an incentive to negotiate a drug with a higher rebate, not necessarily the lowest price for consumers. As a result, the drug becomes unaffordable for uninsured or underinsured patients, who have to pay the full price of insulin. High list prices also make insulin unaffordable for other patients as well, including those with high deductible health plans or coverage gaps.

These out-of-pocket costs have had severe consequences on the lives of patients. The California Health and Human Services Agency (CalHHS) reported this year that according to national data, as many as 1 in 4 diabetics cannot afford their insulin, and thus ration or stop taking insulin altogether. This rationing is extremely dangerous and can lead to serious health consequences, including death.

Through today's lawsuit, Attorney General Bonta seeks to:

- Control the skyrocketing cost of insulin by promoting price competition for insulin and eliminating unlawful, unfair, and deceptive practices; and
- Recover restitution on behalf of California residents for past overpayments for the drug.

A copy of the complaint, as filed with the court, can be found [here](#).

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