

# U.S. Rep. Grothman: Introduces the Insulin Cost Reduction Act

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(Washington, D.C.) – Congressman Glenn Grothman (WI-06) has introduced [The Insulin Cost Reduction Act](#), a bill that will help drive down insulin costs for Medicare Part D participants who depend on it. This bill has been [endorsed](#) by the House Committee on Oversight and Reform Minority.

*“For many people with diabetes, having insulin is as important as breathing,” **said Grothman.** “The way the system is set up, however, the deck is stacked in favor of increasingly high list prices.”*

*The Insulin Cost Reduction Act* works to target the perverse incentive structure currently present in the insulin market. The system is set up to have drug manufacturers compete to give the highest rebate to the pharmacy benefit managers (PBMs) (the middlemen who decide which drugs are covered by Medicare) in exchange for a preferred placement on the list of drugs covered by Medicare, known as the [formulary](#), which determines plan coverage and the out-of-pocket cost for patients. This has led to increases in insulin list prices, rather than the decreases we should be seeing with such market competition, because PBMs are keeping rebates for themselves rather than passing them on to consumers. This increase is in addition to patient cost-sharing being based off the list price of insulin rather than the net price, which *The Insulin Cost Reduction Act* changes.

Grothman’s bill directly addresses the power PBMs hold over the market price of insulin. Instead of PBMs receiving rebates in the insulin space, *The Insulin Cost Reduction Act* would ban the use of rebates, unless the savings are passed on directly to patients, which in turn would lower costs at the pharmacy.

*“The Insulin Cost Reduction Act will help lead to patients with diabetes paying less*

*at the counter for their treatment. By establishing the drug price after rebates are taken into account, patients will also see decreases in deductibles and copays,” **said Grothman.** “For far too long, Pharmacy Benefit Managers have been incentivized to work against the best interest of consumers. Americans with diabetes rely on insulin for their well-being, and thanks to the system currently in place, consumers are seeing higher prices. We owe it to Americans suffering from diabetes to promote a patient-centered health care system that will provide more options at lower costs, while maintaining excellent quality. My bill will make insulin more accessible to those who need it and finally give patients with diabetes more flexibility in their treatment.”*

This month, the House Committee on Oversight and Reform Minority issued a [report](#) outlining how PBM’s practices increase prescription drug prices, impact patient health, hurt competition, and distort the marketplace. The report also highlights *The Insulin Cost Reduction Act* and the urgent need for Congress to conduct oversight over the middlemen who are driving up costs for patients to increase their bottom line.