



**Texas Association of Health Plans**  
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April 6, 2021

Dear Chairman Oliverson and Members of the Insurance Committee,

Re: House Bill 40

The Texas Association of Health Plans (TAHP) is the statewide trade association representing health insurers, health maintenance organizations, and other related health care entities operating in Texas. Our members provide health and supplemental benefits to Texans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid.

**We are writing to provide testimony regarding our opposition to [House Bill 40](#), an unfunded government mandate that prohibits a health benefit plan from imposing a cost-sharing provision if it requires the enrollee to pay more than \$100 per 30-day supply of insulin, regardless of the amount or type of insulin needed to fill the prescription.**

TAHP is opposed to all copay cap mandates, including insulin copay cap mandates. Copay cap mandates significantly increase premium costs for Texas employers and families, placing a hidden tax on Texas employers. Drug prices are too high, but copay caps do NOTHING to lower the price of insulin, nor do they limit what pharmaceutical companies can charge health plans for insulin. Instead, copay caps give drug companies a blank check to continue raising insulin prices with no accountability or transparency, driving up health insurance premiums for Texas employers and families.

Copay caps don't solve the root problem. They don't lower the price of drugs and they don't lower out-of-pocket costs for uninsured Texas. Individuals with health insurance already have low out-of-pocket costs, with total out-of-pocket monthly spending [lower than \\$50 a month](#) for insulin. Instead, copay cap mandates create more problems. Copay cap mandates give Big Pharma too much power to set any price they wish for insulin, ultimately driving up the cost of care and increasing the cost of premiums for Texas employers and families. States have estimated copay cap mandates significantly increase the cost of health insurance premiums for employers and families by [\\$20 million](#) to [\\$200 million](#) a year. This new government mandate

would similarly increase premiums for Texas employers without solving a single problem for them.

Instead of a mandated benefit that increases the cost of coverage for employers, Texas could implement a copay cap similar to how it was implemented in Medicare, a mandated offer. Medicare required that all participating plans offer at least one plan that capped copays for insulin. TAHP does not oppose a mandated offer of the copay cap rather than a mandated benefit, which would allow Texas employers and individuals the freedom to choose whether or not to purchase this additional coverage for their employees and themselves.

If the copay cap mandate is adopted, TAHP has three requests to address our concerns regarding the cost impacts of this bill:

1. Any statutory cap mandate should be separately applied to each prescription drug (each vial of insulin) instead of applying it only once for all insulin drugs that may be taken by an enrollee. It is administratively impossible to keep track of the total out-of-pocket amounts paid by each individual for different insulin prescriptions that may be filled at different pharmacies at different times.
2. Remove the study provisions from the bill. TAHP is also opposed to Texas studying any options to expand these types of costly copay cap mandates to other drugs in the future. Texas needs fewer government mandates, not more. The increased cost of health coverage as a result of these types of unfunded government mandates is already a huge burden for Texas employers in increasing the number of uninsured in Texas. The prices set by pharmaceutical companies for insulin are too high and are rising rapidly. We need policies that stop the rising price of insulin, not ones that make the problem worse. TAHP supports and requests the removal of the study provisions in the committee substitute of SB 827, a similar insulin copay cap bill.
3. TAHP also supports and requests the change made in the committee substitute for SB 827 that limited the copay cap to insulin drugs on a health plan's formulary.

Instead of increasing costs for Texas employers, legislation should focus on Texas populations that actually have high out-of-pocket costs for insulin, including the growing number of uninsured Texans. A better solution is to help lower the cost of insulin for these Texans through discount programs or coverage expansion. Unlike insulin copay cap mandates, House Bill 18, the "Texas Cares Act," will actually lower the price of insulin for the uninsured without shifting additional unnecessary health care costs on Texas employers.

This bill also does not address the real problem of drug manufacturers' patent games and unjustified price hikes. The price of insulin continues to rise without any major improvements to the drug. Out-of-control prices for insulin products and other prescription drugs are a direct consequence of drugmakers taking advantage of a broken market for their own financial gain at the expense of patients. Three drugmakers—Eli Lilly, Novo Nordisk, and Sanofi Aventis—[control 90% of the insulin market and have increased prices in lockstep for several years](#). This broken market has received scrutiny in Congressional hearings on insulin, a federal investigation from the House Oversight Committee, and at least two active lawsuits for price-fixing. **While one vial of insulin costs only a few dollars to produce and is sold for about \$30 in Canada, [that same vial costs \\$320 for a patient in the United States](#). One study shows that drugmakers have increased the price of insulin more than 240% over the past decade; for example, from 2007 - 2017, the price of Lantus increased from \$88.20 to \$307.20 per vial and the price of Levemir increased from \$90.30 per vial to \$322.80 per vial.**

TAHP supports real efforts to lower the overall cost of coverage to improve access to care. TAHP and its members oppose government mandates—including contract mandates—that undermine competition in the private market and increase drug coverage costs for Texans. TAHP members support market-based solutions that hold drug makers accountable for high list prices and put downward pressure on prescription drug prices through competition, consumer choice, transparency, and open and honest drug pricing.

TAHP opposes unfunded government mandates that drive up the cost of coverage for Texas employers and families. These types of unfunded government mandates drive up the cost of coverage for Texas employers and families. Unfortunately, these types of bills are becoming business-as-usual for the Texas Legislature. Texas already leads the nation in the number of costly health insurance mandates, [ranking third in the nation](#) for the most mandated benefits. Texas employers shoulder the biggest burden when it comes to government mandates like insulin copay caps, because most Texans receive health coverage through their employer. It will disproportionately hurt small businesses in Texas. Even before the pandemic, small business owners in Texas [ranked the cost of health insurance](#) as the single biggest problem and priority. Employees ultimately pay the high price of mandates through high premiums, co-pays, reduced wages, benefit reductions or losing their jobs. Because of the added costs of state health insurance mandates, small businesses are discouraged from offering health coverage to their employees increasing the number of uninsured Texans. While 99% of large employers offer health benefits, [only 56% of small employers](#) offer health benefits. [Firms not offering health benefits continue to cite cost](#) as the most important reason. [Research shows](#) that one in five of these small businesses would offer health benefits if there were fewer mandates.

TAHP is concerned about how many new mandates are being considered this Session and their potential effect on Texans' access to high-quality health care they can afford. We ask that you carefully consider the unintended consequences of government mandates like insulin copay caps and the additional financial burdens they create on Texas employers and the men and women who work for them.

Sincerely,

A handwritten signature in black ink that reads "Jamie Dudensing". The signature is written in a cursive, flowing style with a prominent dot above the 'i' in "Dudensing".

Jamie Dudensing, RN  
CEO  
Texas Association of Health Plans