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# Sneed Law Firm, LLC

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## Memorandum

To: The Honorable Jene Vickrey, Chair  
House Insurance Committee

From: William W. Sneed, Retained Counsel  
America's Health Insurance Plans

Date: February 11, 2020

RE: H.B. 2557

Thank you for the opportunity to be part of this hearing today and to provide testimony on H.B. 2557. My name is Bill Sneed and I am here representing America's Health Insurance Plans (AHIP).<sup>1</sup>

We appreciate the Committee's desire to take meaningful steps to ensure that all Kansans have access to the care they need. We agree that Kansans deserve access to affordable coverage and care that delivers real value. That's why health insurance providers are strongly committed to improving

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<sup>1</sup> AHIP is the national association whose members provide coverage for health care and related services. Through these offerings, we improve and protect the health and financial security of consumers, families, businesses, communities, and the nation. We are committed to market-based solutions and public-private partnerships that improve affordability, value, access, and well-being for consumers. Our members are committed to providing consumers with affordable products that offer a broad range of robust provider networks of quality, cost-efficient providers.

health care for patients with diabetes, and promoting market-based solutions to make insulin products more affordable. AHIP and our members believe every American should have comprehensive coverage that includes preventive care and helps them manage chronic health conditions such as diabetes. Health insurance providers work every day to promote health, wellness and prevention; address the significant drivers of chronic disease and poor health; give consumers the power to choose the care and coverage that works best for them; and improve patient care and the consumer experience with innovative tools, treatments, and technologies.

Our members are strongly committed to ensuring that patients with diabetes have access to affordable insulin options to facilitate good control of blood glucose levels. Health insurance providers have a strong track record in advancing innovative approaches to help their enrollees successfully manage and control diabetes, prevent complications, and improve their quality of life. Health plans recognize the real health consequences to their members from poor control of blood glucose levels—and ensuring access to insulin is a critically important part of these efforts.

However, for many diabetes patients, the rising cost of insulin products has created an affordability crisis that threatens their health and well-being. Out-of-control prices for insulin products—and other prescription drugs—are a direct consequence a broken pharmaceutical market at the expense of patients. The lack of competition, transparency, and accountability in the prescription drug market has created extended, price-dictating monopolies with economic power that exists nowhere else in the U.S. economy. The end result is that everyone pays more—from patients,

businesses and taxpayers to hospitals, doctors, and pharmacists. Steps are needed to ensure that people can get affordable insulin and other medications. With solutions that deliver real competition, create more consumer choice, and ensure open and honest drug prices, we can make prescription drugs more affordable—while protecting and supporting innovation that results in new treatments and cures for patients.

The obviousness of a broken prescription drug market is particularly evident in the context of prescription insulin. The price of insulin—just like the price of countless other pharmaceutical products—has increased sharply over the past decade, at the same time the prevalence of diabetes has risen across the U.S. population. Since 2006, while the number and supply of insulin products has grown, the list price of insulin products has increased exponentially—in direct violation of the economic laws of supply and demand. These sharp price increases harm patients who rely on insulin and reduce the affordability of coverage for all consumers and payers who must bear the cost through higher insurance premiums.

AHIP believes that truly addressing this situation requires looking for the root cause of rising insulin prices and identifying ways to address market behavior that values pharmaceutical profits over patients. Unfortunately, legislation such as HB 2557 will only mask the symptoms of dramatically increasing prescription drug prices without taking steps to address the cost of insulin. As the committee continues to explore these issues, we would like to note that the entire pricing process is driven entirely by the original list price of a branded drug—which is determined solely by the drug

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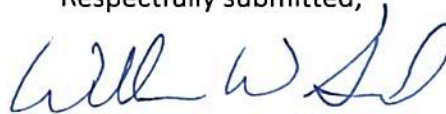
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company, not by the market or any other participant in the pharmaceutical supply chain. Lawmakers needs to address this reality—the problem is the price—as part of any strategy for reducing pharmaceutical costs.

Due to our concerns about the impacts that this bill could have on health insurance premiums for Kansas consumers and business, as well as our hope for changes in language to address the causes of rising insulin prices, we are currently neutral on this legislation and hope to pursue further discussions on the language in the bill.

Thank you for allowing me to appear before you today on behalf of America’s Health Insurance Plans. I am available for questions at your convenience.

Respectfully submitted,



William W. Sneed

WWS:kjb