



FACT SHEET: BIG PHARMA BRINGS INSULIN PRICE-GOUGING PLAYBOOK TO BLOCKBUSTER WEIGHT LOSS DRUGS

Big Pharma Eyeing Egregious Price Tags, Aggressive Marketing to Push GLP-1s for Weight Loss, After Decades of Shadow-Pricing to Drive-Up Insulin Prices

WEIGHT LOSS DRUGS: A NEW FRONTIER FOR BIG PHARMA'S SAME OLD PRICING PRACTICES

As 2023 comes to a close, one of the biggest stories in the drug pricing space this year has been a new “[gold rush](#)” for Big Pharma around weight loss drugs. Several Big Pharma companies have launched new products in this space or received approval to prescribe older products for this new category. It's increasingly becoming clear, however, that Big Pharma is sizing up this new market for a business-as-usual approach to price-gouging: including targeting the U.S. for the highest prices in the world and setting egregious prices amid widespread interest and demand.

TARGETING THE U.S. MARKET WITH HIGHEST PRICES IN WORLD

An August 2023 analysis from the [Peterson-KFF Health System Tracker](#) analyzing the price of several new weight loss drugs in the U.S. compared to other wealthy countries found that list prices for these drugs, including Novo Nordisk's Ozempic, Wegovy and Rybelsus products, as well as Eli Lilly's Mounjaro, are significantly higher in the U.S.

According to the Peterson-KFF Health System analysis, across all four drugs analyzed, U.S. patients are charged significantly more than other, comparable countries that are part of the Organization for Economic Co-operation and Development (OECD). For example, Ozempic has a list price of \$936 for a one-month supply in the U.S. In Japan, where Ozempic has the next highest list price, the price for a one-month supply is \$169. This means U.S. patients are being charged more than 5.5 times for the same drug.

The list price for Rybelsus in the U.S. is \$936 for a one-month supply. The next highest price compared to other countries is \$203, in the Netherlands, meaning U.S. patients pay more than four times more for this product. For Wegovy, the U.S. list price is \$1,349, while the next highest price in a comparable country is \$328 in Germany, again meaning U.S. patients pay more than four times more than the next comparable country for the same prescription drug.

A TROUBLING SEQUEL TO BIG PHARMA'S INSULIN PRICE-GOUGING

This highly anticipated category of weight loss drugs, GLP-1s, grew out of a category of medicines originally designed for treating diabetes. So it's no surprise Big Pharma intends to bring a similar profiteering playbook to an expanded market building on decades of egregious pricing practices around insulin and medications for patients living with diabetes.

Two of the largest players leading the pack in terms of the development of new weight loss medications have also been two of the worst offenders when it comes to insulin: Eli Lilly and Novo Nordisk.

TARGETING DIABETES MEDICATIONS WITH EGREGIOUS PRICE INCREASES

According to an October 2022 [study](#) in the Annals of Internal Medicine, an estimated 1.3 million Americans, or more than 16 percent of adults prescribed insulin, did not take the drug as prescribed due to cost. The study was conducted by researchers at Harvard Medical School, The City University of New York's Hunter College, and the nonprofit consumer advocacy organization Public Citizen. Coverage of the study noted that different prices for insulin “nearly tripled from 2002 to 2013.”



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According to an August 2023 [study](#) from AARP's Public Policy Institute, which examined list price increases for the top 25 best-selling prescription medications in the Medicare Part D Program, several products with the greatest percentage price increases since entering the market have been diabetes drugs. These include Sanofi's Lantus product, which has increased by 739 percent since coming to market and Novo Nordisk's Novolog, which has increased by 628 percent since coming to market, as well as Merck's Type 2 diabetes drug Januvia, which has increased by 275 percent since coming to market.

Other diabetes drugs that have faced significant price increases since coming to market include Eli Lilly's Trulicity product, which has increased 91 percent since 2014, Eli Lilly and Boehringer Ingelheim's Jardiance product, which has increased 97 percent since 2014, and Novo Nordisk's Ozempic, which has increased 38 percent since just 2017.

WORKING IN "LOCKSTEP" TO INCREASE PRICES

For years, Big Pharma companies have engaged in a practice called "shadow pricing" to increase prices in lockstep across the insulin market — with minimal-to-no improved efficacy of the drug. Between 1996 and 2006, the price of insulin increased by [700 percent](#). And in 2016, the average price per month [reached \\$450](#).

As a 2021 U.S. Senate Finance Committee [report](#) revealed, three companies – Novo Nordisk, Sanofi and Eli Lilly – control 99 percent of the marketplace and have worked in "lockstep" to limit competition and increase prices:

- **Over The Past Decade, The Three Largest Manufacturers Of Insulin – Novo Nordisk, Sanofi And Eli Lilly – “Aggressively Raised The List Price Of Their Insulin Products Absent Significant Advances In The Efficacy Of The Drugs.”** “Sanofi’s long-acting insulin pens, Lantus SoloStar, increased from \$303 in 2014 to \$404 in 2019. The WAC price of Novo Nordisk’s long-acting insulin pens, Levemir FlexTouch, increased from \$303 in May 2014 to approximately \$462 in January 2019, representing an increase of \$159—or 52%— in a little more than five years. Eli Lilly’s rapid-acting insulin, Humalog 50-50 Kwikpen, had a WAC of \$530 in 2017 compared to \$323 in 2013—an increase of \$207 or 64% in four years. Sanofi’s rapid acting insulin, Apidra Solostar, also increased—from \$302 in 2014 to \$521 in 2019— while Novo Nordisk’s rapid-acting insulin, Novolog FlexPen, rose from \$324 in 2013 to \$558 in 2018, representing a more than 70% WAC price hike for both companies during this time period.” (Staff Report, “Insulin: Examining The Factors Driving The Rising Cost Of A Century Old Drug,” [United States Senate Finance Committee](#), 1/14/21)
- **Sanofi Aggressively Increased Its List Price Between 2012 And 2014 In Response To Market Pressure And Competition.** “From 2001 to 2012, Sanofi increased list price as much as 18% annually, raising its price from \$34 to \$131 by the end of 2012. However, in 2013 and 2014, Sanofi embarked on much more aggressive increases, nearly doubling the drug’s WAC to \$248 by the end of 2014.” (Staff Report, “Insulin: Examining The Factors Driving The Rising Cost Of A Century Old Drug,” [United States Senate Finance Committee](#), 1/14/21)
- **“Novo Nordisk And Sanofi Not Only Closely Monitored The Others’ Price Increases, They Actually Increased Prices In Lockstep—Sometimes Within Hours Or Days Of Each Other—A Practice Known As ‘Shadow Pricing.’”** “Rather than seeking to undercut its competitors’ pricing, from 2014 on Novo Nordisk engaged in a cat-and-mouse strategy of pricing that followed Sanofi’s price increases closely, sometimes mirroring them within days or even hours. In 2015, Novo Nordisk changed its pricing strategy in advance of launching Tresiba, its next generation basal insulin (also known as long-acting insulin). Instead of following Sanofi, it led with a list price increase in order to set a high basal insulin price floor from which to launch Tresiba’s initial list price. However, in 2017 and 2018, Novo Nordisk resumed increasing its list price to respond to Sanofi’s pricing actions. According to internal memoranda, on October 1, 2017, Sanofi increased Lantus’s list price by 3% and Toujeo’s list price by 5.4%. Roughly three weeks later, Novo Nordisk recommended that the company make a 4% list price increase on January 1, 2018, in response to Sanofi, which was approved as recommended on November 3, 2017. Novo Nordisk



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would make at least one more list price increase in response to Sanofi in 2018.” (Staff Report, “Insulin: Examining The Factors Driving The Rising Cost Of A Century Old Drug,” [United States Senate Finance Committee](#), 1/14/21)

- **Spending On Insulin Products Has Increased Significantly For The Medicare Program And Its Beneficiaries.** “Based on data collected from CMS, annual spending on insulin has increased by billions of dollars over the last decade. Between 2010 and 2018, Medicare Part D spent \$78.4 billion on insulin, prior to rebates, the majority of which was spent on Lantus (\$27.4 billion), Novolog (\$16.5 billion), Humalog (\$12.3 billion), and Levemir (\$11 billion). The growth of CMS’s pre-rebate spending on insulin also significantly outstripped the growth rate of beneficiaries utilizing insulin from 2010 to 2018. For instance, the number of Part D beneficiaries using insulin increased 51%, from over 2.1 million in 2010 to approximately 3.2 million in 2017, whereas spending on insulin prior to rebates increased more than 470%, from over \$3 billion in 2010 to roughly \$14.3 billion in 2018.” (Staff Report, “Insulin: Examining The Factors Driving The Rising Cost Of A Century Old Drug,” [United States Senate Finance Committee](#), 1/14/21)
- **Insulin R&D Spending Was A Fraction Of Manufacturers’ Revenue And Sales And Marketing Expenses.** “Eli Lilly reported spending \$395 million on R&D costs for Humalog, Humulin, and Basaglar between 2014 and 2018, during which time the company spent nearly \$1.5 billion on sales and marketing expenses for its insulins. These three drugs generated \$22.4 billion in revenue during that period. Similarly, Sanofi reported net sales of nearly €31 billion (approximately \$37 billion based on current currency conversion rates)⁵ between 2014 and 2018 for its five insulin products, during which time the company reported spending \$902 million on insulin R&D. Novo Nordisk failed to provide requested R&D spending information to the Committee.” (Staff Report, “Insulin: Examining The Factors Driving The Rising Cost Of A Century Old Drug,” [United States Senate Finance Committee](#), 1/14/21)

SPENDING BIG ON ADVERTISING AND MARKETING PUSHING HIGH-PRICED PRODUCTS

According to September 2023 [coverage](#) from CNBC, brand name drug manufacturers spent nearly \$500 million on direct-to-consumer (DTC) advertising on diabetes and weight-loss drugs in just the first seven months of the year. This included ads for Novo Nordisk’s Ozempic, Wegovy and Rybelsus products, as well as Boehringer Ingelheim and Eli Lilly’s Jardiance product.

In addition, a November 2023 [report](#) from Reuters found that Novo Nordisk has spent over \$25 million in the last decade on doctors and medical professionals to promote two of its popular diabetes and weight loss drugs, Wegovy and Saxenda.

MAJOR IMPLICATIONS FOR THE MEDICARE PROGRAM

While currently Medicare does not provide coverage for weight loss drugs, according to a March 2023 [study](#) in the New England Journal of Medicine, if the program did, it could have major implications for U.S. health care spending.

According to the study, if just 10 percent of Medicare beneficiaries were prescribed one new weight loss drug, Novo Nordisk’s Wegovy, the annual cost to Medicare could range from \$13.6 billion to \$26.8 billion. According to KFF [coverage](#) of the paper, “[h]igher take-up rates would mean higher Medicare spending.”

The new frontier of weight loss drugs and Big Pharma’s penchant for price-gouging means policymakers must continue to hold the pharmaceutical industry accountable and work to enact market-based solutions to lower prescription drug prices.

Learn more about market-based solutions to hold Big Pharma accountable and lower prescription drug prices [HERE](#).

About CSRxP: The [Campaign for Sustainable Rx Pricing](#) is a broad-based coalition of physicians, nurses, hospitals, consumers, health plans, pharmacy benefit managers, pharmacists and businesses promoting bipartisan, market-based solutions to lower drug prices. Learn more: www.csrxp.org