

Testimony of Thomas M. Moriarty
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Subcommittee on Oversight and Investigations
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Chairwoman DeGette, Ranking Member Guthrie and members of the Subcommittee, my name is Thomas Moriarty, and I serve as the Chief Policy and External Affairs Officer and General Counsel for CVS Health. Thank you for the opportunity to join you today to discuss ways to make health care more affordable, particularly for the millions of Americans with diabetes and those who are prediabetic.

A real barrier in our country to achieving good health in our country is cost, including the price of insulin products, which are too expensive for too many Americans.

Over the last three years, list prices for insulin have increased nearly 50 percent. And, over the last ten years, the list price of one product, Lantus, rose by 184 percent. The primary challenge we face is that unlike most other therapeutic classes, until recently, there have been no generic alternatives available, even though insulins have been on the market for more than 30 years.

Despite this, CVS Health has taken a number of steps to address the impact of insulin price increases:

We negotiate the best possible discounts off the manufacturer's price on behalf of employers, unions, government programs, and the beneficiaries that we serve.

And our latest 2018 data indicates we have been able to reduce the total cost of diabetes drugs, including insulin, by 1.7 percent despite brand price inflation of 5.6 percent. And importantly, patient adherence has increased.

One of the ways we have driven the 1.7 percent decline in costs is by leveraging our clinical expertise. We have replaced two very high-cost insulins – Lantus and Toujeo – with an effective lower-cost follow-on biologic alternative called Basaglar. By making Basaglar preferred, member out-of-pocket costs declined 9 percent per 30-day prescription. Among patients who switched to the alternative, their A1c – or blood sugar levels – were improved by 0.43. To put this in perspective, every 1-point improvement in A1c among patients with uncontrolled diabetes is correlated with approximately \$1,400 savings per year in medical costs per patient. This is a real-life example of how competition works.

Despite these efforts, we know this is not enough. Let me share a story about a company and their experience with diabetes. The company saw the human toll on their colleagues and continued to see escalating financial costs.

In response, the company began offering employees and their families zero-dollar co-pays for insulin, providing coverage for diabetes medications even before their deductible was met. That means there are no out-of-pocket costs, so employees are more likely to take their medications, improve their health, and achieve lower costs.

That company is CVS Health. We know when something works for us, it can work for our clients. And we apply this experience in our work as a pharmacy and as a pharmacy benefits manager (PBM).

We also offer a number of tools for patients to help reduce their out-of-pocket costs and provide transparency at the doctor's office, at the pharmacy counter, and directly to patients.

- For Caremark members, when they are in the doctor's office getting a prescription, we provide their doctors with real-time information about what is covered under their insurance and if there are effective lower-cost therapeutic alternatives.
- We also provide this information directly to patients online or on their phone.
- For CVS Pharmacy customers, regardless of their PBM or health plan, the Rx Savings Finder tool enables our pharmacists to work with patients to find the most affordable way to get them the medications that they need.

Beyond these tools, a coordinated care approach to diabetes is essential. We've taken the lead with a program we call Transform Diabetes Care, which furthers our focus on providing patient care that eases the complexities of self-management, improves health, and reduces overall costs. Using connected glucometers, a high-touch engagement model, and local points of care, clinicians are better able to support specific member needs as their care requirements evolve.

Finally, Madam Chairwoman, despite what we've accomplished, we know that more needs to be done.

- Let's bring more effective lower-cost alternatives to market faster by ending pay-for-delay schemes.
- Let's foster the widespread adoption of zero-dollar co-pays on preventive medications like insulin – recognizing that if we treat these diseases effectively, we can save lives and money.
- And let's pass your proposal to reform Medicare to provide additional support services to help patients with diabetes manage their own care.

We look forward to working with you and the Committee to help accomplish our shared goals. I look forward to answering questions that you may have.