Competing Policies: Economic Impact of Diabetes on Iowa and Iowa Medicaid Activities

Diabetes is a group of diseases characterized by the presence of too much glucose in the blood. In type 1 diabetes, the body does not produce enough insulin. In type 2 diabetes, the body may not produce enough insulin or not use insulin properly. Insulin is a hormone produced by the pancreas to move glucose from the blood into the cells. Glucose (also known more commonly as blood sugar) provides energy for cells (CDC, 2003b; American Diabetes Association, 2003)

Prevalence: 21.4 million people, 6.3% of the U.S. population, are estimated to have diabetes. 13 million people are diagnosed; 5.2 million people do not know they have diabetes. (CDC, 2003b)

- Diabetes impacts the U.S. economy by **$174 Billion** (2007) in direct costs, indirect costs, and lost productivity. (ADA March 2007)
- $13,000 per year in average medical costs for individuals with diabetes.
- $2,500 per year for the average patient without diabetes (Hogan, Dall, Nikolov, 2003).

Deaths: **213,062 estimated deaths**, making it the Nation's **6th leading killer**, although many experts believe the death rate from diabetes is significantly underreported (CDC, 2003c).

It's not just diabetes!

- 2–4 times greater risk of heart disease
- 60–65% have hypertension
- 2–4 times greater risk of stroke
- 60–70% have some degree of nervous system damage
- Leading cause of adult blindness
- Leading cause of ESRD* (40% new cases)
- >50% lower limb amputations
- Other complications—susceptibility to infection; dental disease; skin problems; sexual dysfunction; and increased risk for birth defects if pregnant**.**

Diabetes in Iowa:

- According to the CDC, 6.2% of the general population diagnosed + 2.2% undiagnosed with diabetes. **Approximately 262,000 Iowans have diabetes.**
- Nationally 13.5% of government-insured are diabetic
- $ 1 Billion in Direct Medical Cost to Iowa
- $476,000,000 in Indirect Medical Cost to Iowa
- **Total Impact on Iowa: $1,467,000,000 (est.)**

Iowa Medicaid

- 235,000 persons (Kaiser, State Health Facts 2005) in the Iowa Medicaid Enrollees
- 8.8% have diabetes (20,680 diabetic patients) Under reported?
- **Using CDC estimate of 13.5% diabetes incidence among government-insured persons gives an estimated 31700 persons with diagnosed or undiagnosed diabetes in the Iowa Medicaid program**
- **Using 2003 CDC data:**
  - **The average cost of treating a person without diabetes is $2500 Therefore, 55,620 x $2500 = $79MM**

    NIH estimates are the cost of treating a person with diabetes is 2.3 X higher = $181,MM or additional $102.3 MM

- The State of Iowa is "at risk" for total medical costs of diabetes patients enrolled in the Medicaid program.

Insulin therapy is the cornerstone for treatment of diabetes.

Lantus / Levemir Example

- **Iowa Medicaid Action on insulin for diabetes is uniquely restrictive!**
- Lantus and Levemir are long acting insulins. Lantus is usually given once daily, Levemir twice daily. There are a considerable number of comparative studies that suggest significant differences in the two insulins, Approximately 18:1 ratio of Lantus:Levemir market ratio in world outside of Iowa Medicaid. Dow Jones article 4/4/2007 reports 80% of US physicians recommend Lantus, only 11% recommended Levemir.
- Despite this Iowa Medicaid Pharmacy program moved in 2006 to restrict a doctor's and patient's ability to access their needed insulin for treating this terrible disease! A patient needing Lantus was forced to navigate a prior-authorization process in order to get the medicine their doctor determined was best for them. Approval had to be made by a Medicaid pharmacist in DesMoines for patients, doctors, and nurses who could be anywhere in Iowa.
- Until recently **only three states**: Iowa, Illinois, and Maine restrict Lantus in their Medicaid programs despite full reviews in 39 states. The common thread between Iowa and Maine is Sovereign States Drug Consortium, the Pharmacy Benefit Manager (PBM) contracted by Iowa Medicaid to administer the Medicaid pharmacy PDL. **Fortunately, thanks to the interest of legislators (including this committee), efforts of diabetes advocates and patients, and negotiations between SSDC and manufacturers, the Medicaid P&T committee recommended that restrictions on these insulins be lifted.**
- **No commercial managed care plan**, at risk for total patient costs, in Iowa or any surrounding state restricts Lantus.

Impact on Iowa Medicaid patients of restricting choice of insulins:

- Dr. Udaya Kabadi, formerly of the Department of Endocrinology at the University of Iowa, studied the impact of restricting Lantus in favor of alternative Levemir in the Iowa Medicaid population. Results presented at the American Diabetes Association 2007 Annual Meeting showed an overall decrease in quality of diabetes care of 0.8% A1c in those patients who were forcibly switched because of the Medicaid PDL policy.
- HbA1c is a globally accepted proxy for control of diabetes. An A1c increase of 0.8% implies overall costs to Iowa Medicaid of approximately $3.1M in overall medical costs, far outweighing potential drug cost savings to the Iowa Medicaid Pharmacy Program.

- Efforts to petition the Medicaid P&T Committee have met obstacles. Expert testimony pleading for opening up access to needed diabetes medication has been disregarded by the P&T Committee. Further, dozens of letters to the Medicaid Pharmacy program and posted on the www.iowamedicaidpdl.com website asking for unrestricted access to diabetes medication have been ignored. There are no diabetes experts among the physicians and pharmacists on the committee.

Iowa is known for its Midwestern values and for taking good care of its people. But:

- The structure of the Medicaid Pharmacy Program does not encourage quality of care and cost control. SSDC, the Maine-based PBM that administers the Medicaid Preferred Drug List, is incentivized to control costs by evaluating drug costs only, without regard for patient's condition, total treatment costs, and overall cost impact to the state and to the patient.
- Iowa Medicaid's report on diabetes drug selection per HF 2425 cites only the impact drug costs via the Medicaid drug selection process. This narrow focus is at the crux of the larger fiscal and quality problem
- Iowa Medicaid's restrictive policy runs countercurrent to contemporary efforts that encourage patients to take care of their chronic diseases by accessing all available care options, including.
  - A University of Michigan/Harvard University study, leading full-risk health plans, and full-risk employers are advocating reducing barriers to chronic disease recognizing they may save money in downstream medical costs through Value Based Insurance Design
  - Ashville Project – widely known program citing lifting restrictions and access to proper diabetes medication and treatment actually resulted in a significant reduction in overall costs and improvement in disease control and quality of life.

I want to thank the Committee and Speaker Murphy for asking me to discuss this terrible disease and to bring attention not only to its fiscal impact but on the quality of care for those most vulnerable Iowans who suffer from diabetes and its complications. I would like to encourage the committee, the legislature, and the Department of Health and Human Service to improve disease management and quality while reducing overall budget impact by looking at overall cost and quality impact, not just drug component costs.