



ATTORNEY GENERAL MAYES SUES PHARMACY BENEFIT MANAGERS AND INSULIN MANUFACTURERS OVER INSULIN PRICING SCHEME

Posted on December 4, 2023 by office-of-the-arizona-attorney-general



Attorney General Kris Mayes today filed a lawsuit against several pharmacy benefit managers (PBMs) and pharmaceutical manufacturers for scheming to artificially inflate the price of insulin and other diabetes drugs in violation of the Arizona Consumer Fraud Act.

“For the past 20 years the price of insulin increased many times faster than prices for consumer goods and services,” said Attorney General Mayes. “We now know that while thousands of Arizonans struggled to pay for this life-saving drug, pharmaceutical companies and middlemen were scheming to inflate prices and skim extra profits off the top to enrich themselves.”

PBMs manage pharmacy benefits for health insurance providers mainly through the use of formularies, listing which drugs are available to patients under their health insurance plans. If a particular brand of insulin is excluded from a formulary, the manufacturer is effectively blocked from selling that insulin to any patients covered by the formulary. PBMs use this market power to force manufacturers to provide “rebates” on their insulin or else face exclusion from the formulary.

Although rebates were originally conceived as a way to reduce prescription drug costs by forcing manufacturers to reduce their excessive profits, manufacturers refused and instead increased insulin prices across the board to make up for the increased rebates they paid to PBMs. Despite promises to pass along the increased rebates to health insurers and patients, the PBMs instead used complex financial and business structures to keep a large part of the inflated profits for themselves.

“While the drug companies and PBMs were engaged in a secretive system of baseless price increases and kickbacks, Arizona diabetes patients were facing life-or-death struggles to pay for their medication,” continued Mayes. “This lawsuit will not only force these companies to return their unfair profits to Arizona consumers but will also force the companies to operate transparently so patients can understand the true cost of their prescription drugs.”

The main PBMs named as defendants are CVS Caremark, Express Scripts, and OptumRx. The insulin manufacturers named as defendants in the lawsuit are Novo Nordisk Inc., Sanofi-Aventis U.S. LLC, and Eli Lilly and Company.

The lawsuit seeks restitution for insulin overpayments, disgorgement of excessive profits, and civil penalties for unfair and deceptive trade practices. In addition, the Attorney General will seek an order from the court permanently enjoining the defendants from engaging in similar pricing schemes.



"This lawsuit isn't just about insulin prices," said Mayes. "It's about exposing and stopping these deceptive and unfair rebate schemes so medication prices don't continue to skyrocket for patients."

The attorneys handling the matter for the Office of the Attorney General are Civil Litigation Division Chief Leslie Kyman Cooper, Consumer Protection and Advocacy Section Chief Vince Rabago, and Senior Litigation Counsel Shane Ham. Arizona will also be represented by outside law firms Kozyak Tropin & Throckmorton, Baron & Budd, Seeger Weiss, Levin, Papantonio, Rafferty, Proctor, Buchanan, O'Brien, Barr & Mougey, and Law Office of Joseph C. Tann.

A copy of the complaint is available [here](#).