

T1International #insulin4all



Benefits of the New York Affordable Drug Manufacturing Act

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What Is S1618/A3236?

S1618/A3236 is a New York State bill that would empower New York to publicly manufacture or procure [generic](#) and [biosimilar](#) pharmaceutical drugs.

The bill explicitly prioritizes insulin. It instructs the State to contract with a partner to manufacture or distribute at least one form of insulin. But the bill is intentionally expansive, in order to encompass potential partnerships around other generic drugs.

This fact sheet explains the reasons why this bill would be good for New York, and why an explicit focus on insulin makes sense for this bill.

Why a Focus on Insulin?

Insulin is a particularly unaffordable drug, and it is a necessity for many people with diabetes. New York urgently needs to address the costs of insulin:

- The history of insulin pricing is a story of pharmaceutical greed and market concentration. Since the 1990s, the cost of insulin has increased over 1,200%. Three companies control over 90% of the insulin market and [charge around \\$300 for a single vial of insulin](#), even though the cost of producing a vial of most analog insulin formulas is between \$3.69 and \$6.16.
- Data from several sources demonstrates what #insulin4all advocates have been saying for years: too many people living with diabetes are dangerously rationing insulin due to these inflated costs.

- According to a [2025 study](#) of 2021 National Health Interview Survey data, at least 17% of Americans living with diabetes are rationing insulin because it's too expensive.
- Despite supposed improvements in out-of-pocket cost controls since then, T1International's [own survey](#), conducted in 2024 and published in 2025, found that the number is as high as 33.5% – more than one in three.
- A cap on insulin co-pays for Medicare has [not reduced costs](#) for many patients who take insulin.

How Will This Bill Reduce Costs and Improve Health?

This bill has three major goals:

1. Help limit the costs of prescription drugs for New Yorkers.
2. Save the state money, including by reducing costs on prescription drugs and hospitalizations and potentially by increasing tax revenue.
3. Improve the health of New Yorkers by encouraging preventive care via affordable prescription drugs.

1. Limiting the Costs of Prescription Drugs for New Yorkers.

- **A state-owned insulin brand will lower costs at the pharmacy for New Yorkers.**

Too many New Yorkers still face high out-of-pocket costs when they pick up their insulin. Although out-of-pocket maximums for insulin do exist, they do not reach about 6.4 million New Yorkers (around one in three).¹

The recent New York legislation banning copays for insulin only applies to about 30% of New Yorkers – those with state-regulated health plans. Medicare has its own copay cap, which New York State cannot regulate.

There are no insulin copay caps for anyone covered by an ERISA-regulated plan (where a private employer offers and pays for insurance itself). Uninsured New Yorkers are currently protected by an out-of-pocket maximum (\$35 per month) agreed to by settlement, but these protections expire at the end of 2028. And, even in the meantime, enforcement of these protections is difficult and likely imperfect.

This bill can be an additional tool for New York State to ensure an affordable, low-cost source of insulin for all New Yorkers, regardless of insurance status.

Also, out-of-pocket maximums are, at best, a band-aid solution that simply increases costs to all consumers in the forms of higher health insurance costs, especially higher

¹ Unpublished research conducted by the NYU Law Science, Health & Information Clinic, on file with T1International and New York #insulin4all Chapter.

premiums and deductibles. Public pharma is a more sustainable solution that lowers costs to patients across the board.

- **A state-owned insulin brand will increase competition in the insulin market, which will decrease costs for all insurers and patients.**

Currently, about 90% of the insulin market is controlled by the “Big Three” insulin manufacturers: Eli Lilly, Sanofi, and Novo Nordisk. These manufacturers have [near-total control](#) over the costs of insulin to insurers and thus can anticompetitively set extremely high prices. In addition, pharmacies [don't always stock](#) the relatively small number of lower-cost insulin options that do exist.

By creating a state-owned brand that delivers lower-cost insulin (either through public manufacturing or procurement), New York can create a more competitive insulin market. The brand's lower insulin costs will force the Big Three to cut their own prices to remain competitive in the market.

Such competition will benefit all New Yorkers who use insulin, regardless of whether their insurance contracts with the state-owned brand. Insurers will likewise save money regardless of the source of the insulin.

2. Saving the State Money.

- **A state-owned insulin brand will directly save New York State money through lower insulin costs.**

This bill is cost-effective. New York State is a major buyer of insulin. Even under conservative estimates, New York State would directly save between \$7.8 million and \$16.9 million per year if it procured nonprofit insulin for beneficiaries on the New York State Health Insurance Plan (NYSHIP), the employer-sponsored health insurance plan that covers state employees, retirees, and their families.²

New York is currently in a budget crisis, and any cost savings are important. These direct savings from lower insulin costs could allow New York to cover an additional [1,600 to 3,400 Medicaid beneficiaries](#).

Furthermore, New York's costs for insulin are likely to increase in the future. The rate of people with Type 1 and Type 2 diabetes is [increasing](#). The more insulin New York has to buy in the future, the more cost savings will accrue from this bill.

- **A state-owned insulin brand will indirectly save the state money through decreased hospitalizations.**

² Unpublished cost modeling by economists at Public Interest Experts, on file with T1International and New York #insulin4all Chapter.

This bill can help ensure that New Yorkers have regular access to insulin—which can help prevent health complications and emergencies that may require hospitalizations.

For insurers like NYSHIP, hospitalizations are much more expensive than proactively providing insulin. New York will also save money by helping prevent complications for New Yorkers who seek care through state-funded hospitals and health care institutions.

- **A state-owned insulin brand will increase overall productivity and free up disposable income for New Yorkers, generating more revenue for New York.**

A [feasibility study](#) published by an independent commission convened by the State of Maine showed that a state-owned insulin option could help improve residents' health by preventing health complications. Doing so will also improve residents' overall quality of life. This allows people living with diabetes to instead spend money on their other needs and desires, and it may also allow them to work more productively. Both of these changes would increase the tax revenue New York State collects.

3. Improving the Health of New Yorkers.

- **A state-owned insulin brand ensures cost certainty when New Yorkers go to the pharmacy.**

Even for New Yorkers currently covered by out-of-pocket maximum protections, as noted above, many patients report that protections are inconsistently enforced. Pharmacists may not be trained on complicated laws and policies, and they may apply the incorrect maximum price in a given situation.

A state-owned insulin brand would ensure that New Yorkers can reliably purchase a pack of five insulin pens for \$55 per month. This would provide certainty to New Yorkers, so they know the maximum they will spend at the pharmacy, regardless of their insurance coverage. It would also guarantee that insulin, a lifesaving drug, remains affordable at the pharmacy counter. Many people need insulin immediately: they cannot delay picking up their insulin until after they appeal to their insurance companies or to enforcement agencies.

- **A state-owned insulin brand would reduce rationing and health complications for people living with diabetes.**

By providing cost certainty and guaranteeing affordability, a state-owned affordable insulin option could improve patients' health by reducing rationing and preventing health complications. This will help improve residents' overall quality of life.

Why Would Public Manufacturing Be Particularly Beneficial?

The most ambitious version of this bill would include New York taking on public manufacturing of certain generic drugs. State-owned drug manufacturing could be extremely beneficial for a range of reasons.

- **State-owned manufacturing will create new jobs.**

New York has a history of manufacturing, particularly Upstate. If New York were to manufacture its own drugs, New York would be [well positioned](#) to ramp up manufacturing quickly based on this expertise.

Building up insulin manufacturing could bring jobs to communities that have historically done manufacturing work, helping grow the local and state-wide economies. Recent experience has shown that new manufacturing plants can have a positive impact [across many sectors](#) of the local economy.

- **State manufacturing could stabilize the drug supply by reducing supply chain vulnerabilities.**

Insulin and other drugs are vulnerable to disruptions in the supply chain, since basic drug components are [almost entirely produced overseas](#). Global conflict and natural disasters can disrupt doctors' and patients' access to insulin when it is most needed. Final-stage drug manufacturing, which for the US market is concentrated in Puerto Rico, has also [been interrupted](#).

State-owned manufacturing could help reduce these vulnerabilities. Manufacturing is the best way to ensure New Yorkers can still access insulin if there are disruptions in manufacturing plants in other states.

- **New York can continue to produce needed but less profitable medications, even when for-profit companies change their manufacturing priorities.**

For-profit pharmaceutical companies have a history of limiting their production of older, less-profitable drugs when a more profitable opportunity arises. This recently occurred with insulin manufacturers choosing to focus on [manufacturing highly profitable GLP-1s](#) at the expense of insulin pens.

By creating a state-owned manufacturing program, New York would have the power to continue producing essential and widely-used medications, prioritizing the health of its residents over profits. This bill could ensure that New Yorkers with diabetes continue to have access to life-saving insulin, regardless of what the major manufacturers choose to do.

- **Developing manufacturing capacity will allow New York to respond nimbly to changes in federal policy or unexpected crises.**

For political reasons, the federal government has indicated it may rescind approval of commonly-used drugs in the near future. [Doctors are particularly concerned about the future of mifepristone](#), the standard drug for medication abortion.

This bill could conceivably allow New York to manufacture its own mifepristone for use only within New York State, at low cost or no cost to patients. This could be a legal tool to ensure New Yorkers can continue accessing mifepristone regardless of changes to FDA approval.

Additionally, during the COVID-19 pandemic, New York needed to invest public resources into distributing COVID tests, vaccines, and drugs like nirmatrelvir/ritonavir (Paxlovid). This bill could help New York create a durable public pharma infrastructure that would allow New York to respond more quickly and nimbly to future public health crises, particularly if the federal government falls short.

Why Does a Limited Version of the Bill Still Make Sense?

The bill allows New York to choose whether and when to begin its own in-state drug manufacturing. Regardless, even a more modest version of the bill offers important benefits.

- **The implementation of this bill is flexible based on New York's available budget and capacity.**

This bill has been intentionally written to provide New York flexibility in its implementation process. New York State can choose whether it plans to undertake manufacturing of generic drugs, or whether it will contract with nonprofits and low-cost generic companies already manufacturing drugs and merely undertake public procurement of those drugs under a state-owned label.

If New York faces budget constraints this year, it could limit its initial costs to just the salaries of staff members to oversee partnerships and the costs of contracting with a supplier, such as Civica. In the future, as costs and capacity increase, New York could then turn to investing in new R&D or beginning public manufacturing.

- **New York can benefit from the work California has already done.**

California passed a similar bill and launched its own public pharma program, [CalRx](#), several years ago. As part of this rollout, California has already contracted with the nonprofit Civica to create its own generic insulin and [distribute existing low-cost insulin products](#). New York could theoretically contract with Civica, too, and quickly procure a

nonprofit insulin. This would give New York the significant advantage of lower start-up costs.

Furthermore, California has been distributing [naloxone](#) for several years through CalRx and has seen [measurable savings](#). New York could likely build on this distribution model and see savings from its own distribution of naloxone.

Moreover, CalRx and the California Department of Public Health [will distribute free albuterol inhalers](#) to schools across the state in Spring 2026.

New York can learn from CalRx and the California Department of Public Health's shortcomings and build on its successes. This existing program also proves that state-level public pharma initiatives are feasible.

- **The bill specifically calls out insulin, but New York would be able to use this public drug brand to manufacture and procure other commonly-needed drugs.**

For instance, the first drug that California distributed through CalRx was naloxone. If manufacturing proves a hurdle, New York could first focus on publicly procuring and distributing naloxone to parts of New York still battling the opioid overdose epidemic.

Additionally, New York would also be able to procure and distribute other commonly-used drugs that are often unaffordable to New Yorkers, such as epinephrine auto-injectors (EpiPens) and inhalers. This bill is an important first step to lowering costs for a wide range of drugs.

- **New York can be a leader in the public pharma space.**

Public pharma has become more prevalent in conversations. Congress is even [considering a bill](#) related to public pharma at the federal level. By passing this bill now, New York can lead on building up the public infrastructure needed for more affordable prescription drugs.

In other news, the main tax incentive that pushed pharmaceutical companies to produce drugs in Puerto Rico [has lapsed](#). New York can seize this window of opportunity and become a competitive leader in the American pharmaceutical manufacturing landscape.

Furthermore, New York often acts as a leader for nearby states on the East Coast, and passing this bill could encourage other nearby states to invest in their own public pharma initiatives or do business with New York.

Further Questions?

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