

Pharmalot

Gilead and Massachusetts Agree to Rebates for Hep C Drugs

Following threats to sue Gilead Sciences over the cost of its hepatitis C treatments, the commonwealth of Massachusetts has reached a deal with the drug maker for rebates for some of its residents who are infected with the chronic disease.

The deal, which begins Aug. 1., is expected to save the state a significant amount of money, but projected savings were not disclosed. However, the cost of hepatitis C drugs for about 2,800 people covered by MassHealth, which is the commonwealth's Medicaid program, has so far totaled about \$318 million from late 2014 through early 2016, according to a statement from the agency. A MassHealth spokeswoman, however, said the state expects lower unit costs to be offset by more people being treated, so the state is not forecasting any change in net spending.

Gilead's Harvoni treatment will be the exclusive therapy for about 80 percent of MassHealth Members, although the agency also negotiated rebates for the older Sovaldi medication and Daklinza, a hepatitis C medicine sold by Bristol-Myers Squibb, which would be used to treat about 20 percent of those who are infected with specific strains of the disease.

"This drug saves lives, but its very high price has kept a cure out of the hands of people who need it," said Massachusetts Attorney General Maura Healey, who threatened to sue Gilead after claiming it violated the state's Consumer Protection Act. "This rebate agreement will expand access to much-needed medication for people suffering from Hepatitis C, and it will save millions in taxpayer dollars." Healey is still talking to Gilead about extending better pricing to other state agencies under the state Office of Pharmacy Services.

The Gilead medicines, which have cure rates exceeding 90 percent, cost from \$63,000 to \$94,500, depending upon the drug and regimen, before rebates or discounts. The price tags helped spark a firestorm over the cost of prescription medicines, even though Gilead argues that its drugs represent value compared with longer-term costs of liver disease, cancer, and transplantation.

Earlier this week, by the way, Gilead won [regulatory approval](#) to sell a new combination pill that can combat all six strains of the disease. Epclusa carries a list price of about \$75,000, roughly half of the older standard care of patients with genotype 3 of the disease. This combination treatment combines Sovaldi, which has an \$84,000 list price, and Daklinza, which has a \$63,000 list price.

At the time she made her threat, Healey cited a newly released [US Senate report](#) that charged Gilead deliberately placed profits before patients in setting the price of Sovaldi at \$1,000 a pill. Instead, the company refused to lower its prices or offer meaningful discounts in order to maximize and outmaneuver competition. Launched in late 2013, Sovaldi was the first Gilead treatment to become available, while Harvoni debuted early last year.

She also noted that, in 2014, state Medicaid programs spent \$1.3 billion on Sovaldi before rebates, which allowed just 16,281 enrollees to receive the drug. This amounted to less than 2.4 percent of Medicaid recipients believed to be infected, Healey argued. Meanwhile, she noted that in Egypt, Gilead sells Sovaldi for about \$10 per pill, and in India the firm charges roughly \$4 per pill. The company struck

licensing deals with several generic drug makers to make and supply its pills to more than 90 countries at lower prices.

The cost of the medicines prompted many public and private payers to place restrictions on whom could be treated. The US Centers for Medicare and Medicaid Services responded by [writing](#) state Medicaid programs last fall to say they may have violated federal law by restricting access. At the same time, CMS wrote four drug makers, including Gilead, asking for information about pricing arrangements with insurers and pharmacy benefits managers.

In a statement today, CMS acting administrator Andy Slavitt praised the deal with Massachusetts and said he is encouraged among companies that has resulted in “significant” price drops over the past year. “But CMS remains concerned that the cost of hepatitis C medications remains high, placing a significant financial burden on states,” he said.

Over the past several months, however, several state Medicaid programs and commercial health plans have [backtracked](#) in response to lawsuits.

We asked Gilead for comment and will update you accordingly.

This story was updated to include a comment from the Centers for Medicare and Medicaid Services.

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