

# Medicare spending \$9B on hepatitis C drugs

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In this July 30, 2015 file photo, a sign supporting Medicare is seen on Capitol Hill in Washington as registered nurses and other community leaders celebrate the 50th anniversary of Medicare and Medicaid. Medicare spending on breakthrough medications for hepatitis C will nearly double this year, passing \$9 billion, according to new government figures. That's raising insurance costs for all beneficiaries, whether or not they have the liver-wasting viral disease. (AP Photo/Jacquelyn Martin, File)

Medicare spending on breakthrough medications for hepatitis C will nearly double this year, passing \$9 billion, according to new government

figures. That's raising insurance costs for all beneficiaries, whether or not they have the liver-wasting viral disease.

The price of drugs is the public's top health care concern in opinion polls, and the 2016 presidential candidates are increasingly paying attention. The federal Department of Health and Human Services will hold a public forum next week to examine the high cost of [new drugs](#) for difficult diseases. The challenge: how to reward drug company research while keeping innovative medications affordable for patients, insurers, employers and government programs.

New cost estimates indicate that Medicare's popular [prescription drug program](#) will spend \$9.2 billion on hepatitis C drugs this year, a 96 percent increase from \$4.7 billion in 2014. That works out to nearly 7 percent of [drug costs](#) for all of Part D, as the program is known. The Associated Press requested the numbers from Medicare's Office of the Chief Actuary, a unit that handles economic analysis.

Hepatitis C affects some 3 million people in the U.S. and claims more lives here than AIDS. More than three out of four infected adults are baby boomers, the age group now entering Medicare. It's primarily spread by contact with infected blood.

Patients say "hep C" feels like a bad flu that never goes away. While the disease advances gradually, it can ultimately destroy the liver, requiring a transplant to save the patient's life. The new drugs cure the disease but treatment can cost from \$80,000 to \$100,000.

Medicare's economic analysts say hepatitis drugs have become one of the main cost drivers for the prescription program. Without the hepatitis C medications, costs per beneficiary would have risen by 4.6 percent this year. Instead the growth rate will be considerably higher, 7.9 percent.

The pressure is expected to ease next year, partly due to competition from more medications entering the market. In addition, rebates expected from drug manufacturers should reduce Medicare's ultimate costs, but the amount of those won't be known for months.

Meanwhile, Medicare beneficiaries will face rising premiums and deductibles. Because Medicare prescription benefits are delivered through private insurance companies, it's difficult to tease out the effect on premiums. But another indicator called the Part D deductible gives a general idea. A deductible is the amount of [drug](#) costs that beneficiaries are responsible for each year before their insurance kicks in.

In 2016, the prescription program's standard deductible is going up by \$40, to \$360. It's by far the largest increase in the deductible since the inception of Part D 10 years ago.

Tricia Neuman of the nonpartisan Kaiser Family Foundation says the cost of new medications has been "a sleeper issue" for Medicare, but that's about to change.

"This increase already seems to be having an impact on premiums and deductibles," said Neuman. "We also have anti-cholesterol drugs that are coming on the market."

Previous treatments for hepatitis C were hit and miss, and many patients couldn't tolerate the side effects. With new drugs like Harvoni and Viekira Pak, patients finally have a choice among highly effective cures with minimal side effects. But the costs are straining government programs and private insurers alike.

Some private insurers and state Medicaid programs require that patients show signs of advanced liver disease before trying the new drugs. Medicare, following the advice of doctors' groups, does not impose such

restrictions.

"If you think about it, these are really drugs that can prevent liver disease," said Sean Cavanaugh, deputy director for Medicare with the Centers for Medicare and Medicaid Services. "We felt it was most appropriate to allow patients to have them earlier."

**More information:** The Centers for Disease Control and Prevention, Baby Boomers and Hepatitis C: [tinyurl.com/9ov7hwh](https://www.cdc.gov/9ov7hwh)

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