

Massachusetts is investigating high cost of hepatitis C drug

January 27 2016, by Bob Salsberg

The Massachusetts attorney general's office said Wednesday that it is investigating whether the makers of a breakthrough treatment for hepatitis C are violating state law by pricing the drugs too high.

Attorney General Maura Healey on Wednesday publicly released the letter she sent Jan. 22 to John Martin, chairman and chief executive of California-based Gilead Sciences Inc. In it, she called on the company to adjust its pricing structure to make two drugs more widely accessible to those who need them.

"As a threshold matter, my office is considering whether Gilead's pricing strategy with respect to Sovaldi and Harvoni may constitute an unfair trade practice in violation of Massachusetts law," Healey, a Democrat, wrote.

The company's first breakthrough drug, Sovaldi, was priced at \$1,000 per pill in the U.S., or \$84,000 for a course of treatment. Gilead has since introduced a more expensive, next-generation pill called Harvoni, priced at \$94,500 for a course of treatment.

Healey noted that the drugs were highly effective and carried the potential for effectively limiting hepatitis C. She cited estimates that 2.7 million to 3.9 million Americans are infected with the viral infection, often spread by contact with infected blood, but fewer than 10 percent have received treatment.

"The purpose of this letter is to urge Gilead to adjust its pricing strategy in a way that continues to generate substantial profits for the company, while also providing a clear pathway to the eradication of this life-threatening disease in the United States," Healey wrote.

The company said Wednesday it had requested a meeting with Healey to discuss the issues raised in the letter.

"We agree with the Attorney General about the importance of helping all (hepatitis C) patients—and that the advent of safe, effective regimens means we can now consider the possibility of eradicating the disease," Gilead said in a statement.

Gilead has previously stated that the drugs were "responsibly and thoughtfully priced," noting that more than 600,000 patients with the liver-damaging virus had been treated worldwide since Sovaldi was introduced two years ago. The company also points to future medical savings by reducing the need for liver transplants and other more costly procedures.

A report from the U.S. Senate Finance Committee last month concluded that Gilead was putting profits before patients.

Healey's office said it was not immediately aware of any similar state-level reviews but noted that the pricing of the drugs was having a significant impact on state budgets nationwide because Medicaid recipients make up a significant portion of patients who can benefit from the treatments.

Medicaid programs spent \$1.3 billion on Sovaldi before rebates in 2014, according to the letter, yet fewer than 2.4 percent of all Medicaid recipients believed to be carrying the virus received the drug.

The attorney general also wrote that the cost of treating all the inmates affected by hepatitis C in Massachusetts' prison system with Sovaldi at its retail price would exceed the state's entire budget for prisoner health care.

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