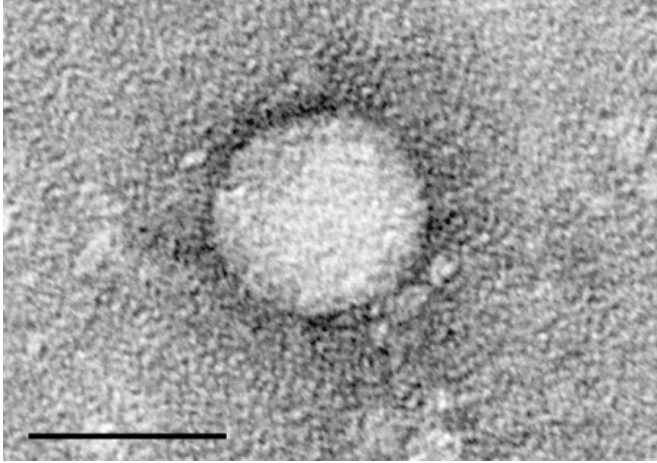


# How to cure more hepatitis C patients

14 May 2018



Electron micrographs of hepatitis C virus purified from cell culture. Scale bar is 50 nanometers. Credit: Center for the Study of Hepatitis C, The Rockefeller University.

There is a cure for the nation's deadliest infectious disease, hepatitis C, but at tens of thousands of dollars per patient in upfront costs, most insurance companies can't afford to provide the treatment to all of the estimated 2.7 million to 3.9 million of Americans who are infected. This is especially true for patients on Medicaid or in the prison system, where funding has historically been restricted.

Leading experts on hepatitis C [treatment](#) policy are recommending a new novel pricing strategy, implemented at the state level, that could help many more patients access the treatment. The recommendations were published on May 14 in the *Annals of Internal Medicine*, and as an extended USC-Brookings Schaeffer Initiative for Health Policy report.

"These innovative therapies can cure hepatitis C, but the high costs put them out of reach for the most vulnerable populations," said Neeraj Sood, lead author on the report and an economist at the USC Schaeffer Center for Health Policy and Economics. "We wanted to come up with a better

solution where we dramatically improve access to cures, control drug spending but still maintain incentives for the development of new cures."

Recognizing the important role state programs could play in this, Sood and his colleagues have developed a novel pricing strategy targeted at state policymakers. They outline an approach that leverages competition among drug manufacturers. The end result would save the state money and would ensure treatment for a larger share of the population—all while providing incentives for future innovation in treatments.

## Leveraging State Programs to Increase Access

Given current financing systems, most [states](#) can only afford to provide treatment to a small percentage of patients with hepatitis C each year. Furthermore, [drug manufacturers](#) know the only way they can increase profits is by increasing the price per pill.

"Increasing prices raises incentives for pharmaceutical innovation but limits patient access. This is the crux of the problem," said Sood, who is also a Professor and Vice Dean for Research at the USC Price School of Public Policy.

"Negotiating on revenues rather than price is the answer. Revenue-based contracting allows us to increase profits and incentives for innovation without limiting access."

Under the proposed model, states would leverage their resources to make a deal with one pharmaceutical company, offering a lump sum payment over a contracted period. The negotiated amount would be higher than the expected revenue for any one company over that timeframe, but still less than the total amount that the Medicaid program would pay to all the drug companies producing the treatment.

In return, the company would agree to provide a 100 percent rebate on drug purchases for the

population designated to receive the cure, such as Medicaid patients or prisoners with hepatitis C. The move would make the drug essentially free of additional cost. It also would give the states the opportunity to significantly expand access to the treatment while maintaining their budget.

### **Vulnerable Populations Still Face Significant Hurdles in Accessing Treatment**

According to a [2017 report](#), less than 3 percent of the 700,000 people with hepatitis C in state Medicaid programs and prisons receive treatment each year. This is due in large part to restrictions that many state programs implemented that limit access to the cure by requiring patients to have reached a certain decline in liver function or have remained sober for a set timeframe.

Though not supported by clinical guidelines, these restrictions are designed to narrow access, thereby limiting the immediate impact on state budgets that might arise from guaranteeing the treatment to everyone.

The consequences of these decisions are especially concerning given the recent rise in heroin use resulting from the opioid epidemic, which has led to a significant increase in new hepatitis C infections.

"Our concern is that the public health burden of [hepatitis C](#) infections will continue to grow even though we have a cure if we don't implement innovative financing programs," said Sood.

**More information:** *Annals of Internal Medicine* (2018). [DOI: 10.7326/M18-0186](https://doi.org/10.7326/M18-0186)

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