



Hep C Treatment is Cheaper than America's HCV Epidemic

Hepatitis C made headlines when the first curative, oral-only medications came to market in 2013 and initial high prices led many public and private payers to limit access to treatment.¹ Direct-acting antivirals (DAAs) quickly became the poster child for budget-busting blockbuster drugs and ushered in a wave of aggressive cost-containment strategies that have yet to fully recede.²

Drug pricing continues to be a highly debated issue in the United States against the backdrop of a healthcare system where pharmaceutical companies have wide latitude in setting drug prices and payers rely on various utilization management strategies to control costs at the potential tradeoff of access. Public payers are especially sensitive to high-priced drugs, given requirements to have a balanced budget and in the context of competing priorities.

Today, the cost of HCV treatment has decreased substantially, making DAAs both lifesaving and cost-saving. But access to treatment remains elusive for many, making the World Health Organization's goal to eliminate hepatitis C by 2030 out of reach.

According to the Centers for Disease Control and Prevention, only 1 in 3 people with insurance get timely HCV treatment. That number drops to 1 in 4 for Medicaid beneficiaries.^{3,4}

Among other issues, an enduring misconception that HCV treatment is simply "too expensive" has greatly limited access to treatment, especially for marginalized communities. That perception is both deadly and costly — HCV killed 14,863 people in 2020⁵ alone and is primed to burden our national healthcare system with an estimated \$49.2 billion⁶ in unnecessary expenditures over the next decade.

In an effort to cut through the confusion, we're breaking down HCV treatment costs to demonstrate that funding widespread treatment access is cheaper than the toll of America's ongoing HCV epidemic.

KEY TERMS

Hepatitis C virus (HCV):

a common and costly liver infection that affects more than 2.4 million Americans. Left untreated, the virus can lead to liver damage, cirrhosis, liver cancer, and death.

Direct-acting antivirals (DAAs):

medications that treat and cure HCV in 8 to 12 weeks. DAAs have been available since 2013, but their initially high prices led many insurers to limit access to treatment.



The Costs of Not Treating HCV Are Adding Up

Untreated chronic hepatitis C can lead to severe and costly forms of liver disease. These include serious liver scarring (cirrhosis), liver cancer (hepatocellular carcinoma), and end-stage liver disease, requiring expensive liver transplants.

non-cirrhotic disease	compensated cirrhosis	end-stage
\$6,043	\$8,957	\$47,711

Estimated annual per-patient HCV-related medical costs without treatment ⁶

Widespread hepatitis C treatment access dramatically reduces the risks of these complications, ultimately saving substantial money in total healthcare costs.

non-cirrhotic disease	compensated cirrhosis	end-stage
\$57,000	\$37,500	\$199,500

Estimated cumulative per-patient HCV-related savings with treatment ⁶

Over the course of a decade, those projected per-patient cost savings add up to an estimated national net savings of \$49.2 billion.

Recent analyses from two other groups also found that expanded HCV treatment would be cost saving, with savings to payers realized within 5 years of treatment. Notably these estimates do not include estimates for additional savings from prevention of HCV transmission.^{7,8}

The Costs of HCV Treatment Are Going Down

When the first DAA, Sovaldi, launched in 2013, the list price for a 12-week treatment course was \$84,000. The second DAA, Harvoni, came shortly after and was priced at \$94,500 for a comparable 12-week course.⁹

The sticker shock from those initial prices has lingered, but the going rates for DAA treatment have gone down substantially in the decade following their release. Most starkly reflected in the prices for newer DAAs, the overall drop in costs can be attributed to a combination of marketplace competition, generic status, and rebates.

<i>Current National Average Prices ¹⁰</i>	Mavyret (8-week course)	Sofosbuvir/velpatasvir (12-week course)
	\$25,669	\$23,412

After discounts, the average cost per treatment course across all existing DAAs was between \$11,000 and \$17,000 in mid-2020, less than one-sixth of the initial Sovaldi and Harvoni price tags.¹¹



Additional Approaches to Drug Pricing*

In the last few years, states have turned to innovative payment models (IPMs) known as “subscription models” to negotiate contracts with pharmaceutical companies to cap their annual expenditures on HCV treatment. Essentially, these deals establish the maximum amount a state will have to pay in a given year in exchange for an unlimited supply of a particular DAA.¹² To date, Louisiana, Washington, Michigan, and Missouri have established such contracts to purchase medications for Medicaid beneficiaries and incarcerated individuals.

As an example, per Louisiana’s IPM agreement, the state’s total annual expenditure for sofosbuvir/velpatasvir is guaranteed to not exceed \$35 million. In 2018, the same expenditure would have only covered treatment for 1,100 patients to the tune of \$31,818 per treatment course. Now for the same cost, the state could potentially treat all 31,000 Louisianans living with HCV at a rate of \$5,645 per course of treatment.¹³

According to the Louisiana Department of Health, “more than 11,100 Louisianans have been able to access ... lifesaving medication” since 2019.¹⁴ These numbers are promising—and, for patients who have benefited from increased access, life-changing. But the numbers also show that just lowering drug prices isn’t enough. Even in states that have lowered costs and removed barriers to care, too many people are still living with HCV, unable to access curative treatment.

Reducing costs is a first step toward eliminating HCV, not the last.

DAA treatment costs are lower than ever, while the long-term medical costs associated with untreated HCV remain high. The math is simple: prioritizing immediate, open access to curative DAA treatment isn’t just the right thing to do, it makes sound financial sense. But it’s not enough to sit back and watch as prices fall. In addition to comparing short versus long-term costs, and exploring cost reduction payment strategies like IPMs, payers must also take affirmative steps to ensure that all barriers to treatment are eliminated.

Managing drug prices and eliminating barriers to hepatitis C treatment are only the first steps down the road to eliminating viral hepatitis. To achieve elimination, engagement of broad stakeholders—policymakers, clinicians, patients, and others—will be key. States must prioritize reaching people who aren’t currently engaged in care, and they must be willing to allocate resources to prevention, testing, surveillance, and linkage to care.

**The 340B Drug Pricing Program (340B Program) is a federal program that affects the net purchasing price for program participants but does not directly affect the cost of treatment to payers. For more information about the 340B Program, visit <https://www.hrsa.gov/opa>.*



About This Fact Sheet

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Sources

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