

As of August 29, 2014

Sovaldi is a new drug developed by Gilead Sciences used to treat chronic hepatitis C. Informal AGRiP pool member discussions about Sovaldi indicate utilization of the drug is relatively small to date. Given the cost of Sovaldi, even small utilization comes with big financial impact – so understanding how the drug is used and overall costs might be important to monitor for impact in your pool.

Sovaldi cures hepatitis C, which causes inflammation of the liver that can lead to liver failure, in 90 percent of patients. The drug is administered in pill form, taken once daily for at least 12 weeks. The U.S. Food and Drug Administration reports that many patients will need 24 weeks of treatment at a cost of \$168,000 on average, plus any additional medical costs. The trade association American's Health Insurance Plans noted that treating all diagnosed hepatitis patients with Sovaldi would cost \$268 billion, or \$5 billion more than was spent on all prescription drugs in 2012. *Market Watch* reports the drug is available for as little as \$900 in Egypt, a 99 percent discount from U.S. prices.

A small discussion group of AGRiP member pools turned up the following Sovaldi utilization statistics:

- Two pools reported no utilization.
- One pool reported nine claims in which Sovaldi was prescribed. Sovaldi treatment-related claim costs for three claimants totaled over \$250,000 for just the first four months of treatment.
- One pool reported 76 prescriptions for Sovaldi had been written in just the last four months. Sovaldi claims generated a total plan cost of \$2.1 million *in just that time period of four months*. The average cost per prescription for Sovaldi was close to \$30,000. Almost half of the Sovaldi users were also prescribed Olysio, another hepatitis C drug. The average cost per prescription for Olysio in the pool was over \$22,000.

As AGRiP members consider the potential cost implications of Sovaldi, considering work comp vs. health plan utilization is certainly meaningful. Furthermore, the entities covered by your pool and corresponding demographics might have an impact – for instance, one-third of all hepatitis C patients are incarcerated. Of course, even if your coverage documents don't directly cover claims by likely hepatitis C patients, the overall public sector cost of paying for Sovaldi prescriptions is notable. Some analysis puts the potential cost to states at \$55 billion if they covered their entire hepatitis C populations on Medicaid.

Sources:

Sovaldi, a new pill for hepatitis C, cures the wasting disease; but it's costly. <http://jacksonville.com/breaking-news/2014-06-17/story/sovaldi-new-pill-hepatitis-c-cures-liver-wasting-disease-its-costly>. Accessed 8/27/14.

Gilead's high pricing of Sovaldi draws inquiry from Senate committee. <http://blogs.marketwatch.com/health-exchange/2014/07/11/gileads-high-pricing-of-sovaldi-draws-inquiry-from-senate-committee/> Accessed 8/27/2014.

The Risky Business of Limiting Medicaid Access to Sovaldi. <http://www.governing.com/topics/health-human-services/gov-hepatitis-coverage-solvaldi-lawsuits.html>. Accessed 8/29/2014.