



Understanding the Hepatitis C Virus and Its Impact on Employers

WRITTEN BY: **MATTHEW D. HARMAN** // PharmD, MPH, Director, Clinical Pharmacy Strategies

Making it the most common chronic bloodborne infection in the US, an estimated 3.2 million people are impacted by the Hepatitis C virus (HCV). From Congress to employers, HCV has recently generated news coverage, and many are concerned about the recently approved medications and high-cost therapies. To better understand the benefit implications of HCV, it is important to grasp the risk factors and clinical course of this infection.

How HCV is transmitted:

HCV is passed through direct blood-to-blood contact, which is typically the result of sharing needles or by having a blood transfusion or organ transplant before July 1990. Once the infection is transferred, people can often live decades without experiencing symptoms of HCV, even though damage to the liver is occurring. In fact, roughly four out of five people infected with HCV will develop the chronic infection, and one out of five will likely develop cirrhosis of the liver. The risk of developing liver cancer from HCV is about 4 percent if left untreated.

Projected costs of not curing HCV are considerably high, and according to a 2009 Milliman report, “total annual medical costs for patients with HCV infection are expected to more than double, from \$30 billion to over \$85 billion” over the next 20 years.

Individuals born during the “Baby Boomer” era (1945-1965) are

five times more likely to be infected, and three out of every four Americans living with HCV were born during that time. Thus, plan sponsors with a “younger” active population may not experience the high cost of HCV treatment.

The treatment challenge:

At least six different genetic variations, known as genotypes, exist within HCV, and each responds differently to existing drug treatments. This makes identifying a patient’s specific genotype imperative. Depending on the genotype, the recommended treatment regimens vary in duration (12 to 24 weeks), prescribed medications (two or three), and cost (\$85,000-\$170,000). Genotype 1 is the most prevalent in the U.S. with an average per-patient drug cost of around \$84,000, which is mainly due to the revolutionary new drug, Sovaldi.

The \$84,000 Sovaldi price tag has created controversy for plan sponsors. The drug was priced similarly to an orphan drug to treat a rare condition rather than a traditional medication. The potential volume of three million patients requesting treatment has payers rightfully concerned with

covering the medication. Some are even wondering if financial protection or changes to stop-loss coverage may be necessary. These concerns are warranted since the per-member-per-month (PMPM) cost has historically been more than five times greater than the average commercial PMPM cost.

However, considering that the majority of people infected

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with HCV are unaware that the virus is inside of them, the forecast of unsustainable costs may be slightly exaggerated. In fact, one manufacturer estimates that 150,000 patients could seek pharmaceutical treatment once the all-oral medication regimen is available, which is a 76 percent increase compared to the 85,000 patients treated in 2012.

While these new medications have significantly high costs, the improvements in cure rates of these medications are remarkable. Having an undetectable viral load for at least six months after completing therapy is known as sustained virological response (SVR). Patients who achieve SVR are considered cured, and prior to 2011, this would happen about half of the time with substantial side effects. Two new medications arrived in 2011 that brought the SVR rates between 60-79 percent, but now medications such as Sovaldi have cured HCV patients more than 90 percent of the time. One encouraging note is that the HCV drug pipeline has medications that have achieved SVR 100 percent of the time in trials. More than 10 products are in the final stages of the pipeline, which should create competition for existing therapies and, in theory, drive prices down as early as 2015. Furthermore, by curing patients of HCV, costs of the infection on the medical side should reduce by preventing complications of the infection, such as liver transplants, which can cost a plan more than \$500,000.

With the HCV treatment landscape evolving at a rapid pace, some employers are adopting a wait-and-see approach by not covering the new medications until more competition is made available. While this is not a popular approach with patient advocate groups that would label this as rationing, HCV is a condition known for its slow progression in the body, as well as delayed treatment by prescribers awaiting more effective medications. This has led to some plans offering restrictive prior authorization (PA) criteria that require documented liver damage before approval.

Less-restrictive PA criteria and quantity limits to ensure matching the genotype with its appropriate treatment regimen should be a standard offering. In addition to PAs, specialty pharmacy programs that support patients adhering to these expensive medications are critical in controlling spend on the pharmacy benefit while reducing long-term implications that could impact the medical benefit. ■

For reference information or to discuss further, please contact Matt Harman at mharman@ehpco.com.

Sue Grabowski Receives William K. Wilson Award

The William K. Wilson Award – presented each year at the annual symposium – recognizes an individual who supports and furthers the Employers Health founding principle of high-quality, cost-effective health care. The William K. Wilson Award was established in honor of Bill Wilson, a former vice president of marketing for Diebold, Inc., former executive secretary for the Stark County Foundation, and a founding member of Employers Health. This year's award recipient was Sue Grabowski, president of Grabowski & Co., which is a marketing and communications firm. Sue has partnered with Employers Health for seven years helping build the Employers health brand. In particular, Sue and her team played an integral role in the development and launch of the Right Direction workplace depression awareness campaign.



Chris Goff delivering the award to Sue Grabowski.