Louisiana Proposes Tapping Obscure Federal Law to Lower Hepatitis C Drug Prices

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Louisiana's health secretary, Rebekah Gee, has announced she is considering a radical new plan to get the federal government involved in reducing the price of hepatitis C virus (HCV) treatment, potentially by overriding the patent protections pharmaceutical companies currently have over the lifesaving medicines, the Chicago Tribune reports.

Gee's potential move is a direct response to the high cost of hepatitis C treatment, which can cost as much as $94,500 per patient for a standard 12-week course of medications. Because of these high prices, many states (including Louisiana) say they have been forced to ration care to people on Medicaid, who often must wait until they develop severe liver scarring before they can gain access to treatment.

As the medical director for Louisiana's Medicaid program, Gee — an ob-gyn by trade — was directly involved in writing guidelines for the state's coverage of hepatitis C treatment in 2013. Louisiana's rules ended up being so strict that only 324 of the state's estimated 35,000 Medicaid or uninsured patients living with hepatitis C were able to access treatment last year. Gee has since come under fire from physicians and patients across the country who argue that individuals with other diseases do not face similar budget-related barriers to care.

If she goes through with the plan, Gee says she would first ask the government to negotiate with a drug company and license a medication, in line with a recent recommendation from the National Academies of Sciences, Engineering and Medicine. If this doesn't work, Gee plans to ask the U.S. secretary of health and human services to invoke an obscure century-old law that essentially allows the government to employ drug companies' patents for federal and state use. After overriding these patents, the government would be able to pay drugmakers as little as $1,000 per treatment.

Meanwhile, companies such as Gilead Sciences, Merck and AbbVie continue to argue that interfering in the pharmaceutical market in this way could dull the incentives for new innovation and research and development. The drugmakers also argue that they are already offering states that do not restrict access to hepatitis C treatment deep discounts and rebates.

Ultimately, health policy experts predict that even if Gee asks the federal government to help open up access to hepatitis C treatment, it is unlikely that the Republican administration would make such a drastic intervention into the private sector. However, by merely threatening the move, Gee is hoping that Louisiana could push U.S. pharmaceutical companies to offer states like hers a better price for HCV treatment.

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