Pricing Strategy Could Help States Treat More Hepatitis C Patients

New recommendations in the Annals of Internal Medicine would increase access to treatment.

May 16, 2018 By Casey Halter

Leading experts in hepatitis C virus (HCV) care and policy are recommending a new pricing strategy that could help states ramp up their treatment efforts. The proposed solution, published this week in the Annals of Internal Medicine, aims to help state lawmakers leverage competition among drug manufacturers and ultimately lower prices for the medications, USC News reports.

The state-level recommendations were included in an extended USC-Brookings Schaeffer Initiative for Health Policy report at the University of Southern California. It aims to address the fact that most insurers, state Medicaid programs and state prison systems currently cannot afford to treat all of the estimated 2.7 to 3.9 million Americans who are infected with hepatitis C. Meanwhile, drug manufacturers argue that in order to continue to innovate they must maintain high prices for hepatitis C treatment—a push-and-pull that leaves many sick people unable to access lifesaving cures.

Under the proposed model, states would leverage their resources with a particular pharmaceutical company, offering a lump sum payment over a period of time that would generate more revenue than they would ordinarily expect in that time period but would be less than Medicaid would pay to all the companies producing the treatment. In exchange, the company would agree to provide a 100 percent rebate on drug purchases for a population chosen to receive the cure, such as prisoners. This deal would allow states to expand treatment access while staying within their budgets.

“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,” said Neeraj Sood, PhD, the lead author of the report and an economist at the USC Schaeffer Center for Health Policy and Economics.

To learn more about the innovative pricing approach, click here.
