States Innovate with Payment Models to Expand Access to Hepatitis C Treatment

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As part of comprehensive efforts to reduce—and eventually eliminate—the number of hepatitis C (HCV) infections in the United States, some states are implementing innovative payment models to expand access to HCV treatment.

More than 2 million people in the United States are living with chronic hepatitis C, and most do not feel ill or know they are infected. There are more than 40,000 new hepatitis C cases each year in the United States, most of which go unreported. Hepatitis C can last a lifetime and lead to serious liver problems, including cirrhosis (scarring of the liver) or liver cancer.

The advent of highly effective direct-acting antivirals (DAAs) - medications that cure more than 90 percent of people with HCV in as little as eight weeks of treatment - has created both opportunities and challenges for states. DAAs can reduce HCV transmissions, prevent disease progression among those living with HCV, and therefore lessen costs associated with treatment. However, large numbers of people who are covered by public programs are living with HCV, and treating them with DAAs now accounts for a substantial share of spending in Medicaid and other state-paid health programs.

Some state Medicaid programs are responding by limiting treatment to beneficiaries with chronic infection and severe liver disease. Louisiana and Washington State have responded differently, designing new models to pay for HCV treatment while expanding access to a broader population of Medicaid beneficiaries in correctional settings and other state-administered programs.

Louisiana

Beginning summer of 2019, Louisiana Medicaid will cover HCV treatment at no cost for beneficiaries through a modified subscription mode in partnership between the Louisiana Department of Health and Asegua Therapeutics LLC, a subsidiary of Gilead Sciences. Under this model, the state pays a pre-set annual fee for access to an unlimited supply of the company’s

generic hepatitis C medication over a period of five years, rather than paying a per-patient rate. Some health care leaders refer to this as the “Netflix model,” as one subscription fee provides unlimited access to a service or product.

Louisiana aims to treat at least 31,000 people by the end of 2024, and eventually intends to eliminate hepatitis C in the state. There are nearly 100,000 Louisianans who have chronic HCV infection, about 39,000 of which either are Medicaid beneficiaries or are incarcerated.

To implement this new payment model, the federal Centers for Medicare & Medicaid Services (CMS) approved - PDF the state’s Medicaid State Plan Amendment (SPA), allowing Louisiana to negotiate supplemental rebate agreements directly with drug manufacturers. Under the SPA, the manufacturers are exempt from the Medicaid “best price” rule, which ordinarily requires companies to offer all state Medicaid programs the lowest, “best” price they negotiate with any buyer.

This new model is a win-win-win, allowing Medicaid enrollees access to the cure they need. The Health Department maintains budget stability by capping gross expenditures and reducing the number of future patients. The manufacturer and expands its product reach to more persons who would otherwise not likely have had access to treatment. Patients and the public also benefit by reducing risk of transmission, improving the health of the overall population and lowering healthcare costs.

Washington

The Washington State Health Care Authority (HCA) reached a similar agreement earlier this year with the pharmaceutical manufacturer AbbVie. Under the agreement, the state receives a guaranteed price for a course of Mavyret HCV treatment up to a certain number of patients each year. Once it reaches that threshold, the state pays only a nominal price for an unlimited supply of hepatitis C treatments for individuals covered by state-purchased health coverage, including the state’s employees’ health plan and Medicaid program. This helps manage state spending on a high cost drug while expanding access to cures for hepatitis C to the roughly 65,000 Washingtonians living with chronic HCV.

Like Louisiana, Washington obtained CMS’s approval for its SPA, allowing the state to negotiate supplemental rebate agreements directly with drug manufacturers. In addition, HCA removed prior authorization requirements for the state’s Medicaid patients for Mavyret HCV treatment.

These innovative approaches make up part of the state’s comprehensive strategy to eliminate HCV in Washington by 2030. Working with stakeholders, this plan seeks to ensure that all Washingtonians who have, or are at risk for contracting HCV have access to preventive services, know their status, and connect to care and the curative drugs.

Innovation Welcomed

CMS has noted that it welcomes proposals from other states for Medicaid SPAs like the ones for Washington and Louisiana (see links below).

Learn more:

- CMS Approves Louisiana State Plan Amendment for Supplemental Rebate Agreements Using a Modified Subscription Model for Hepatitis C Therapies in Medicaid
- CMS Approves Washington State Plan Amendment Proposal to Allow Supplemental Rebates involving a “Subscription” Model for Prescription Drug Payment in Medicaid

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