

Express Scripts turns to AbbVie in huge hepatitis C deal

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This July 21, 2011, file photo shows a building on the Express Scripts campus in Berkeley, Mo. Express Scripts, the nation's largest pharmacy benefits manager, is throwing its weight into a fight over the high cost of treating hepatitis C, saying Monday, Dec. 22, 2014 it will cover a new drug from AbbVie while pulling back on more expensive options from rival drugmakers. (AP Photo/Jeff Roberson, File)

The nation's largest pharmacy benefits manager is throwing its weight into the fight over high-cost hepatitis C drugs with a coverage restriction

that might ultimately lower prices and improve patient access to groundbreaking treatments for the liver-destroying virus.

Express Scripts said Monday that it will no longer cover Sovaldi and Harvoni—two Gilead Sciences drugs that cost more than \$80,000 each for a full course of treatment—or Johnson & Johnson's Olysio starting Jan. 1, except under limited circumstances.

Instead, it will make AbbVie Inc.'s Viekira Pak, approved only Friday, the preferred treatment for patients who have the most common form of hepatitis C, genotype 1.

"This is just the first salvo of the hepatitis C biotech drug battles," said Steve Brozak, who follows the pharmaceutical industry as president of WBB Securities.

Brozak expects to see more price concessions in the future, and he thinks more payers like insurers or pharmacy benefits managers will follow the Express Scripts approach. That could lead to better access for patients.

"The lower the price of the drug, the greater the availability," he said. "It's just simple straight supply-demand formula."

Doctors and patient advocates hailed Sovaldi when it was approved late last year as a groundbreaking new therapy for hepatitis. Many people are unaware that they carry the virus, which hits more than 3 million Americans and has become a public health concern because it can be spread through sex or by drug users sharing needles.

Until last year, standard hepatitis treatments required taking several pills a day, alongside antiviral drug injections that cause difficult side effects like flu-like symptoms. That approach cured only about 75 percent of patients. Doctors quickly embraced Sovaldi based on its once-a-day pill

regimen and increased effectiveness, curing between 80 percent and 90 percent of patients.

But Gilead's prices have drawn repeated criticism from health insurers and payers like Express Scripts. They also have drawn concern from members of Congress.

Patients and insurers have been hoping that growing competition will help reduce prices or give payers some leverage to negotiate better rates.

Express Scripts Chief Medical Officer Dr. Steve Miller said that leverage can only be used if competing drugs are considered at least clinically equivalent, meaning they are as good or better than the more expensive treatments. Express Scripts, said a committee of independent experts has verified for the pharmacy benefits manager that Viekira Pak fits this description.

Express Scripts, which is based in St. Louis, manages prescription drug benefits for about 85 million people but said its decision applies to about 25 million of its customers with commercial health insurance coverage. But that total could grow.

Miller said other customers have expressed interest in this approach.

PBMs like Express Scripts make recommendations about drug coverage. Its customers—the insurers and employers that pay the bills—can then customize those guidelines. Some have limited the use of expensive treatments like Sovaldi only to the most serious cases of hepatitis C.

"This is obviously great for patients, but it's actually great for doctors, they want to treat everyone but they have been forced to treat only patients with advanced forms of the disease," Miller said.

Express Scripts Holding Co. will still cover Sovaldi, Olysio and Harvoni if a patient has already started treatment or if that person has a clinical exception and needs those particular drugs.

It also will still cover Sovaldi and Olysio for patients with other genotypes of hepatitis C and advanced liver disease.

Gilead Sciences Inc. said it has been negotiating in good faith with Express Scripts and other health care payers to allow patients and providers to have access to Sovaldi. The company said it "continues to engage with Express Scripts" on the subject of hepatitis C treatments.

The pharmaceutical company's executives have said that their drugs are cost effective, despite their large upfront cost, because they cure more patients in less time than older drugs, and prevent the catastrophic problems for patients like liver failure.

Johnson & Johnson will continue to work with payers on deals that ensure access to Olysio, said Lisa Vaga, a spokeswoman for Janssen Therapeutics, the J&J company that makes the drug.

"Given the complexity and diversity of chronic hepatitis C, the availability of multiple treatment options is important and we believe (Olysio) has a meaningful role in the treatment continuum," she said.

Sovaldi costs \$84,000 for a course of treatment, a price that can rise up to \$160,000 when Olysio is paired with it

Harvoni was approved in October, and Gilead has said the new drug will cost \$94,500 for a 12-week supply.

AbbVie has said the shortest approved course of therapy for Viekira, 12 weeks, will cost about \$83,320 at wholesale prices. An Express Scripts

spokesman said his company received a "significant discount" off of that but declined to elaborate.

Shares of Foster City, California-based Gilead, which has already reaped billions of dollars in revenue from Sovaldi, fell 14 percent Monday, closing down \$15.55, to \$92.90. Shares in AbbVie, which is based in North Chicago, Illinois, slipped 74 cents to \$66.97.

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