



HEPATITIS C DRUGS' COSTLY IMPACT ON CALIFORNIA

State Programs, Taxpayers Exposed to High Costs of Hep C Treatment

With the Governor's budget setting aside \$228 million in supplemental funding for Hepatitis C treatments, CAHP has released a [report](#) that supports the state's actions and further examines the potential taxpayer liability for these high-priced medications. According to the CDC, an estimated 3.2 million people in the United States have chronic Hep C. Some public programs are disproportionately affected by Hep C, and their already tight budgets will be hit the hardest by these specialty drugs' crippling prices. CAHP's analysis takes a closer look, estimating rates of Hepatitis C in California and examining the budgetary impacts of high-priced drugs like Sovaldi and Harvoni.

Record-breaking, six-figure prices on specialty medications are a major threat to our health care system, public programs and state budgets. High-priced drugs that treat widespread diseases like Hepatitis C (Hep C) are unsustainable and run counter to efforts to make health care affordable and accessible.

OF THOSE CALIFORNIANS IN STATE-FUNDED PROGRAMS

including Medi-Cal, prisons, state hospitals, CalPERS, and the AIDS Drug Assistance Program (ADAP), it is estimated that

175,000

PEOPLE ARE INFECTED WITH HEPATITIS C

30% of people in state prisons are estimated to have **CHRONIC HEP C**



127k
MEDI-CAL



41k
PRISONS



5k
CALPERS



1,400
STATE HOSPITALS



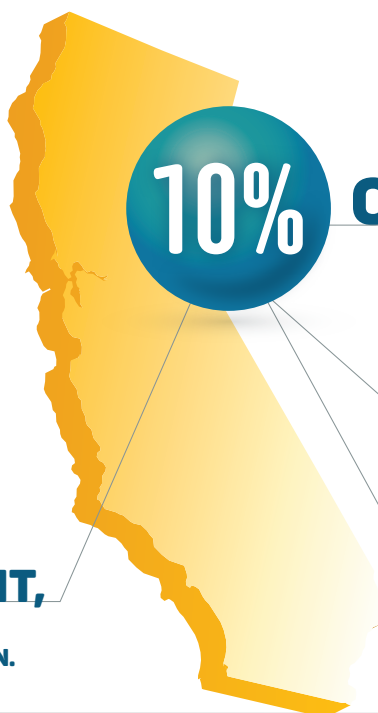
500
ADAP

If Only 10% of Those Infected with Hep C Seek Treatment, Costs Still Run into the Billions

Sticker prices for Hep C medications are so high that with such a large patient population, the state could be on the hook for billions of dollars to pay for these treatments.

EVEN WITH A 50% DISCOUNT,

it is estimated that it would cost state-funded programs **\$1 BILLION TO TREAT 10% OF THE HEP C POPULATION.**



COST OF TREATING* OF THE PATIENTS
IN STATE-FUNDED PROGRAMS INFECTED WITH HEP C

\$2 BILLION
FULL PRICE

\$1.4 BILLION
@ 30% DISCOUNT

*estimated

For more information, please go to www.calhealthplans.org or www.runawayrx.org.

Six-figure Price Tags Affect Everyone

New Hep C drugs bear such hefty price tags that even with large discounts, the costs are unsustainable for the programs and people who need treatment, and place an undue burden on taxpayers.

ONE YEAR TREATMENT COST ESTIMATES FOR 10% OF THE HEP C POPULATION WITH A 30% DISCOUNT



\$1
BILLION
MEDI-CAL*



\$336
MILLION
PRISONS



\$41
MILLION
CALPERS



\$11
MILLION
STATE HOSPITALS



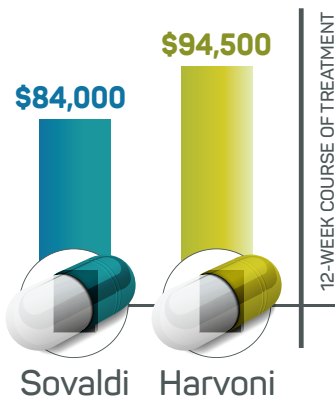
\$4
MILLION
ADAP

*Medi-Cal figures are the total cost (both federal and state liability), excluding dual eligibles.

Even with Discounts, Underlying Prices Drive Total Spending

MEDI-CAL, CALPERS, PRISONS, ADAP, STATE HOSPITALS		Treatment Course Cost Per Person	5% OF HEP C POPULATION	10% OF HEP C POPULATION	15% OF HEP C POPULATION	20% OF HEP C POPULATION	25% OF HEP C POPULATION
WEIGHTED WHOLESALE ACQUISITION COST*		\$117,000	\$1 Billion	\$2 Billion	\$3.1 Billion	\$4.1 Billion	\$5.1 Billion
DISCOUNTED RATE OFF Weighted Wholesale Acquisition Cost	10%	\$105,300	\$921 Million	\$1.8 Billion	\$2.8 Billion	\$3.7 Billion	\$4.6 Billion
	30%	\$81,900	\$716 Million	\$1.4 Billion	\$2.2 Billion	\$2.9 Billion	\$3.6 Billion
	50%	\$58,500	\$512 Million	\$1 Billion	\$1.5 Billion	\$2.1 Billion	\$2.6 Billion

*The baseline treatment cost used in the study is the wholesale acquisition cost weighted by percentage of patients likely to be prescribed a specific treatment regimen. Treatment costs for Hep C vary from patient to patient, ranging anywhere from \$63,000 to \$189,000 or more for a treatment regimen lasting 8 to 24+ weeks.



Need to Focus on Affordability

MORE THAN 90%

of the market for Hep C medications is dominated by Harvoni and Sovaldi.

"High-priced medications are an increasing burden to taxpayers and to those who purchase health care coverage. The future of our health care system depends on affordability, but that cannot be achieved with the drug prices we're seeing today. With more than half a million Americans now filling prescriptions costing \$50,000 or more each year, we simply cannot stand by as more high-priced drugs come down the pipeline."

CHARLES BACCHI, President and CEO
California Association of Health Plans

CAHP's RunawayRx campaign highlights the trend of rising prescription drug prices to provide Californians with a full picture of the state of health care costs and to encourage a path toward more sustainable and affordable pricing.

For more information, please go to www.calhealthplans.org or www.runawayrx.org.