



June 10, 2014

Brian Deese  
Acting Director  
The Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Acting Director Deese:

On behalf of Medicaid Health Plans of America (MHPA), I strongly urge you to seek an assessment of the cost of Sovaldi<sup>®</sup>, the new treatment for the hepatitis C virus (HCV), to the Federal Government in the Mid-Session Review of the President's FY 2014 budget. Many individuals infected with HCV, are covered by government programs, such as Medicaid. Medicaid managed care plans currently serve many of the high-risk beneficiaries who struggle with complex medical needs resulting from HCV. With a reported cure rate of over 90 percent for certain genotypes of hepatitis C, Sovaldi<sup>®</sup> offers long-term positive health outcomes for beneficiaries with HCV, but at significant cost.

MHPA is the national trade group representing Medicaid managed care plans. Our association's members include 117 plans that contract with state Medicaid agencies to assume the full risk of covering the valuable health services and benefits delivered to Medicaid beneficiaries, our nation's poorest and sickest individuals. MHPA member plans currently serve over 18 million Medicaid beneficiaries nationwide. Today, full risk managed care covers over half of all Medicaid recipients in the country, and this percentage continues to grow.

CMS announced a new National Coverage Decision on June 2 stating that Medicare will cover HCV screening for all adults who are at high risk of being infected or were born between 1945 and 1965 based on recommendations by the Centers for Disease Control and Prevention (CDC). The CDC estimates that one in every 30 baby boomers has the disease. The CDC also calculates that as many as 75 percent of those with HCV are unaware that they are infected. Given these guidelines, millions of Americans who receive health care benefits through federal programs like Medicare and Medicaid are likely to benefit from Sovaldi<sup>®</sup>.

Despite its clinical success, the extremely aggressive pricing of nearly \$85,000 for a standard 12-week treatment is expected to add incredible cost pressure to already stressed federal programs. U.S. sales of \$2.1 billion were reported for Sovaldi<sup>®</sup> in just the first quarter of 2014, with 7% of this spent solely in Medicaid. As state Medicaid agencies move to establish preferred drug lists (PDLs) and other methods for covering Sovaldi<sup>®</sup> in the Medicaid program, along with Medicaid expansion in many states bringing in new adult populations, we expect the percentage of Sovaldi<sup>®</sup> expenditure in Medicaid to increase rapidly. In Georgia, 107 Medicaid patients took Sovaldi<sup>®</sup> in April, costing the program \$3 million that month alone. The California Technology Assessment Forum estimates that coverage of Sovaldi<sup>®</sup> could cost California \$22 billion to a total of \$34 billion across all health programs, including Medicaid, each year.

In the near future, other new and effective medications for HCV will emerge as several other pharmaceutical manufacturers seek FDA approval for their own treatments. We anticipate that these medications will be just as costly. With federal health and benefits programs accounting for

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about 20 percent of gross domestic product (GDP) by 2022, Congress and taxpayers need to be aware of the severe cost implications that these treatments are likely to have on federal spending.<sup>1</sup>

Taxpayers and Congress should be provided with clear and transparent information on the size and scope of Sovaldi®'s cost to federal programs. In the Mid-Session Review, MHPA strongly urges you to request and review a separate analysis of the projected cost of Sovaldi® across all federal programs, Cabinet departments and agencies.

Sincerely,



Jeff M. Myers  
President and CEO  
Medicaid Health Plans of America

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<sup>1</sup> Centers for Medicare & Medicaid Services Office of the Actuary, National Health Expenditures Fact Sheet Projections 2012 - 2022.