

Analysis of Medicaid Costs and Usage of Selected Specialty Medications – Sovaldi, Harvoni, and Kalydeco

5 Slide Series

April, 2015

The Menges Group

Description of the Three Drugs Assessed

- Sovaldi -- a medication used with other antiviral medicines, often interferon, to treat chronic hepatitis C infection in adults and eliminate the virus from the body.
- Harvoni – a hepatitis C medication also manufactured by Gilead Sciences, which is similar to Sovaldi but which does not need to be used in combination with interferon (a drug with significant side effects).
- Kalydeco – a medication approved for persons with a specific genetic mutations associated with cystic fibrosis; Kalydeco is the first drug treating the underlying cause rather than the symptoms of this form of CF. We selected Kalydeco to assess a specialty pharmacy product in a different clinical area than Sovaldi and Harvoni.

National Medicaid Prescription Volume by Quarter During 2014

Drug Name	Q1	Q2	Q3	Q4	2014 Total
Sovaldi	8,089	18,906	14,811	8,588	50,394
Harvoni	-	-	-	3,220	3,220
Kalydeco	499	669	714	709	2,591

Sovaldi's Medicaid volume appeared to peak during Q2 of 2014, declining by 21% in Q3 and by another 42% in Q4. Even when adding Harvoni to Sovaldi during Q4, the two drugs' combined prescription volume declined 20% from Sovaldi's Q3 level.

Kalydeco was prescribed at a consistent volume across the quarters of 2014.

2014 Medicaid Spending on Each Medication

Drug Name	Initial Amount Paid (Pre-Rebate)			Estimated Post-Rebate Cost (Assuming 23% Rebate)		
	Total	Cost Per Prescription	Cost Per Unit	Total	Cost Per Prescription	Cost Per Unit
Sovaldi	\$1,383,416,445	\$27,452	\$1,012	\$1,065,230,663	\$21,138	\$779
Harvoni	\$100,864,576	\$31,324	\$1,120	\$77,665,723	\$24,120	\$863
Kalydeco	\$59,896,278	\$23,117	\$389	\$46,120,134	\$17,800	\$299

Rebates are estimated at 23% for these relatively new drugs, which is the minimum percentage rebate for Medicaid brand medications per provisions of the Affordable Care Act. Medicaid rebates for brand medications typically increased over time and averaged roughly 60% during 2014 across all brand medications. Any supplemental rebates negotiated by the manufacturer and Medicaid payers would increase the estimated rebates and decrease net (post-rebate) costs.

Sovaldi was the #3 Medicaid drug in Q4 2014 in terms of pre-rebate Medicaid payments to pharmacies. Harvoni was #20. Kalydeco was not among the top 100.

Sovaldi/Harvoni Medicaid Prescription Volume by State, October-December of 2014

State	Sovaldi and Harvoni Medicaid Scripts, Q4	State Rank
New York	3,006	1
Connecticut	871	2
New Jersey	573	3
Washington	572	4
Massachusetts	570	5
Kentucky	492	6
Georgia	398	7
Pennsylvania	395	8
Ohio	381	9
Florida	374	10
California	361	11
Indiana	352	12
Maryland	351	13
Minnesota	310	14
North Carolina	283	15
Arizona	280	16
Nevada	280	16

State	Sovaldi and Harvoni Medicaid Scripts, Q4	State Rank
Illinois	239	18
Oregon	187	19
Hawaii	152	20
Oklahoma	110	21
Tennessee	110	21
Louisiana	92	23
Alabama	90	24
Arkansas	89	25
Kansas	82	26
Missouri	82	26
Michigan	72	28
Utah	72	28
Virginia	63	30
West Virginia	50	31
Maine	45	32
Colorado	43	33
Mississippi	40	34

State	Sovaldi and Harvoni Medicaid Scripts, Q4	State Rank
Texas	33	35
District of Columbia	31	36
North Dakota	31	36
South Carolina	27	38
Iowa	25	39
New Hampshire	24	40
Vermont	23	41
Montana	23	41
Nebraska	23	41
Rhode Island	20	44
Wisconsin	20	44
Delaware	17	46
Idaho	16	47
Wyoming	9	48
South Dakota	8	49
Alaska	7	50
New Mexico	4	51
USA Total	11,808	

Sovaldi use in Medicaid has varied widely by state in ways that often cannot be explained by the size of each state's overall or Hepatitis C populations. Connecticut's volume is more than twice of California's volume and more than 25 times higher than Texas, for example. This report does not assess the reasons causing these state-level variations.

Methodology and Contact Information

DATA SOURCES: The Menges Group’s tabulations in this report drew upon the State Data Utilization data made available by CMS. The data files contain Medicaid prescription volume and related pre-rebate Medicaid payments by NDC code, state, and calendar quarter, and include prescriptions paid by Medicaid agencies (and their fiscal agents) as well by Medicaid MCOs (and their contracted PBMs). Prescriptions for which Medicaid is not the primary payer (e.g., Medicaid/Medicare dual eligibles, where Medicare Part D is the primary payer) are not captured in these data files. In some states with missing quarters of data (or figures that we did not view to possibly be accurate), we estimated what we believed to be reasonable values. These state and quarter-specific adjustments were minor on a national level, representing 1.0% of total Sovaldi volume, for example.

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