

Gilead finally prices its Covid-19 drug



Amy Brown



By pricing remdesivir at \$2,340 for a five-day course Gilead has kept investors on side, but others will be disappointed.

Gilead was never going to please everyone with the price it chose for remdesivir, its Covid-19 antiviral that has, so far, demonstrated only a marginal benefit. And, while the number settled on is smaller than some had expected, the company will not escape criticism.

Remdesivir will cost \$390 per vial, [Gilead said this morning](#); most patients are expected to receive a five-day treatment course, which equates to \$2,340. Investors at least do not seem to be horrified – the company's shares were around 2% higher in early trade.

By helping patients to be discharged quickly remdesivir should provide immediate net savings for healthcare systems, Gilead said. The only robust phase III data to emerge so far showed that the drug sliced four days off recovery times, on average; in the US this would result in savings of around \$12,000 per patient, the company said.

But the price has already [provoked criticism](#) from many quarters. The study that generated this finding was run by the NIAID, and was therefore effectively paid for by the US taxpayer, who should benefit from a lower price, some believe. Others are concerned that remdesivir has yet to show that it can reduce the risk of a patient dying.

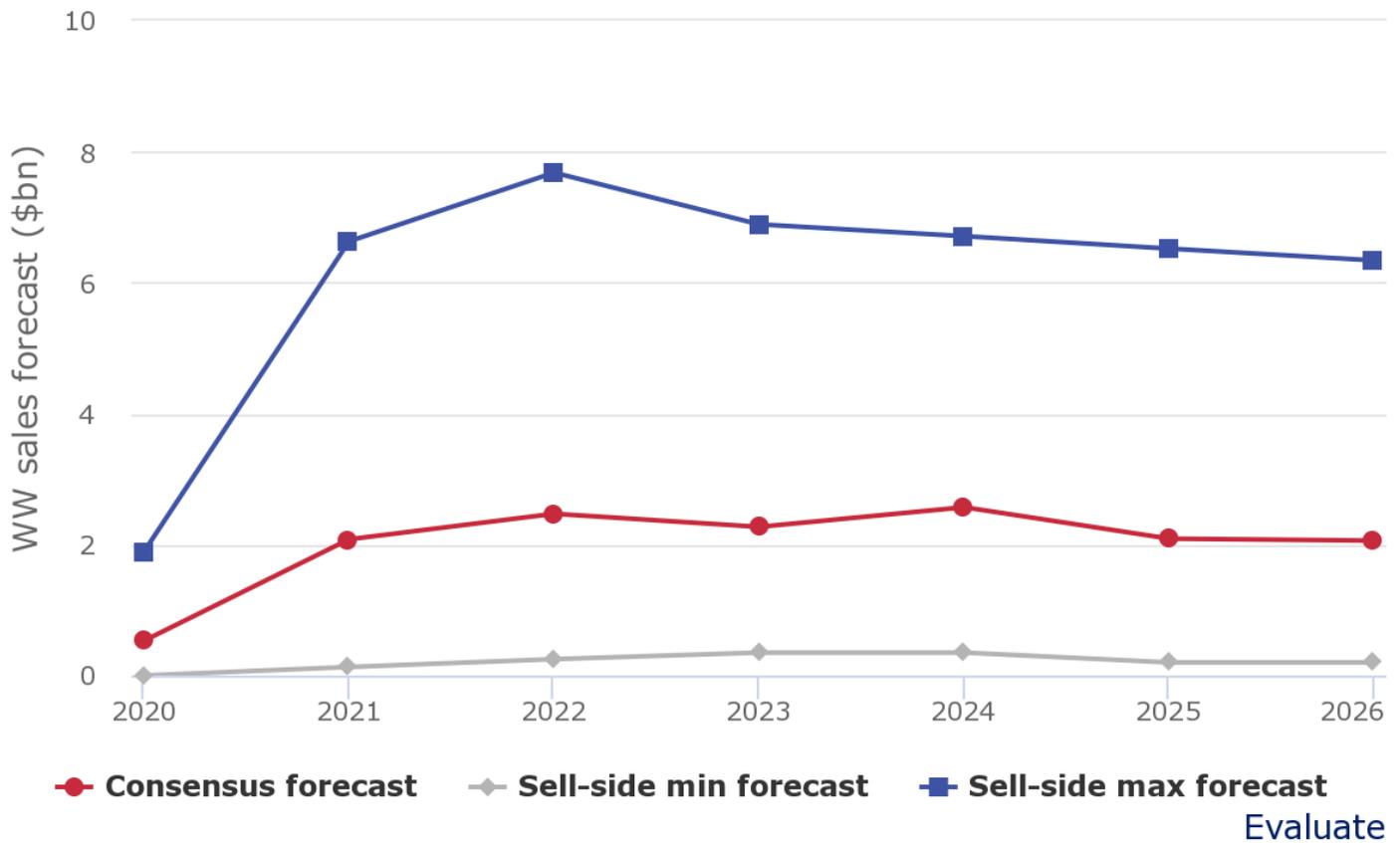
Mortality benefit?

A recent analysis by the drug price watchdog Icer found remdesivir to be cost effective at \$2,520 to \$2,800, slightly higher than the Gilead price tag. However this calculation assumed two very important factors: firstly, that the steroid dexamethasone is incorporated as standard of care and that remdesivir shows a mortality benefit.

The first looks highly likely to happen, after [a study found that the cheap steroid reduced deaths by up to a third](#) in very sick patients. However, the second is far from guaranteed. The NIAID found a numerically better survival at day 14, but this effect was not significant; a later cut of these data, out to day 29, should be released soon ([Remdesivir delivers another perverse result, June 1, 2020](#)).

Without a mortality benefit remdesivir's cost-effectiveness benchmark falls to \$310, Icer concluded. If such a signal consistently fails to emerge in remdesivir studies Gilead could find criticism of its price point harder to shake off.

Remdesivir sell-side forecasts



Still, sellside analysts now have a price on which to model future sales; the graph above, from *EvaluatePharma*, shows that current consensus comprises some very different numbers. Partly this will reflect differing opinions on demand, as well as price; these forecasts also predate the dexamethasone finding.

SVB Leerink wrote this morning that the price came slightly below its expectations, although the analysts still expect Gilead to make money from remdesivir. Analysts at Suntrust Robinson were less convinced, wondering how the company would recoup its investment - ringing in at \$1bn this year alone - in the near term.

Gilead and its investors will want to see those costs covered sooner rather than later. Given that the course of the pandemic and progress of other potential treatments remain unknown, that means pricing remdesivir as high as possible.