

Hep C price war evolves into value competition



[Jonathan Gardner](#)

Advantage Gilead Sciences. Since the first shock decision by the largest US pharmacy benefits manager (PBM) to prefer AbbVie's hepatitis C regimen Viekira Pak, Gilead has punched back hard to deliver four exclusive contracts for its competing drug Harvoni, and a fifth pact that puts both on an equal footing.

While AbbVie might have landed that first contract with Express Scripts on its lower price alone, the value equation likely changed in subsequent negotiations between Gilead and payers. Discounts have helped its cause, but Harvoni could also be offering a persuasive quality case because payers need to be mindful not just of the drug costs but also of all medical expenditures.

Is one better than four?

On the face of it, Viekira and Harvoni offer physicians and patients a pretty similar clinical proposition – 90%-plus cure rates 12 weeks after the cessation of treatment on 12- to 24-week regimens. The list price is not that much different, either: Harvoni at \$94,500 and Viekira \$83,300 for 12 weeks. But this is where the similarities end.

Harvoni is a single pill, combining two separate active ingredients, taken once daily. Viekira Pak comprises four active ingredients contained in two separate products called Viekirax and Exviera. This regimen requires four pills to be taken every day, three in the morning and one in the evening, and many patients must also supplement with a twice-daily ribavirin dose.

With the complexity of the Viekira dosing regimen, the chance of patients taking their medication incorrectly and failing to eliminate the virus is higher, raising the possibility that an expensive retreatment would be necessary – probably with Harvoni, notes ISI Evercore analyst Mark Schoenebaum.

The above 90% cure rates cited on the Viekira label were achieved in the somewhat artificial setting of a clinical trial. Mr Schoenebaum calculated that if, because of simpler dosing, the real-world cure rate of Harvoni is 10 percentage points higher than Viekira, the AbbVie discount would need to be 9 to 14 percentage points greater than Gilead's "to convince a mathematically astute PBM".

Safety first

Mr Schoenebaum speculates that Express Scripts' decision to favour Viekira Pak could have been a "strategic" one based on its criticism of Gilead's pricing of its first hep C drug, Sovaldi, which contains one of the two active ingredients in Harvoni ([Viekira approval heralds start of hep C price war](#), December 22, 2014).

However, in reality some patients whose pharmacy benefits are managed by Express Scripts will probably receive Harvoni in the end because of safety issues. Harvoni has a cleaner safety profile, with no contraindications for drug interactions and only seven types of adverse events reported, compared with 50 types of adverse events for Viekira and interactions with 12 major drug classes. Moreover, Harvoni does not require a dose adjustment in patients with reduced liver functions, one of the symptoms of advanced hepatitis C, while Viekira does.

"Both Harvoni and Sovaldi appear to be safer options compared to Viekira Pak, but only close post-marketing monitoring will determine the true safety of these medications," concludes a report from the healthcare information company AdverseEvents.

Harvoni got a two-month headstart and will record greater sales for 2014 than Viekira Pak, which was approved with just nine days left in the year. IMS data shows more than 7,000 US Harvoni prescriptions written in the week ending January 9, versus 57 for Viekira Pak, although that excludes all of the prescriptions fulfilled through the mail, which accounts for most.

Fears that Gilead would lose a big chunk of customers to competition so far have not come to pass, although keeping PBMs on board will come at some cost as discounts begin to cut into its healthy hepatitis C revenue. First-quarter earnings for both Gilead and AbbVie will be closely watched for clearer signs of which company is

winning the hep C price war.

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