

HEPATITIS C TREATMENT:

Price, Profits, and Barriers to Access



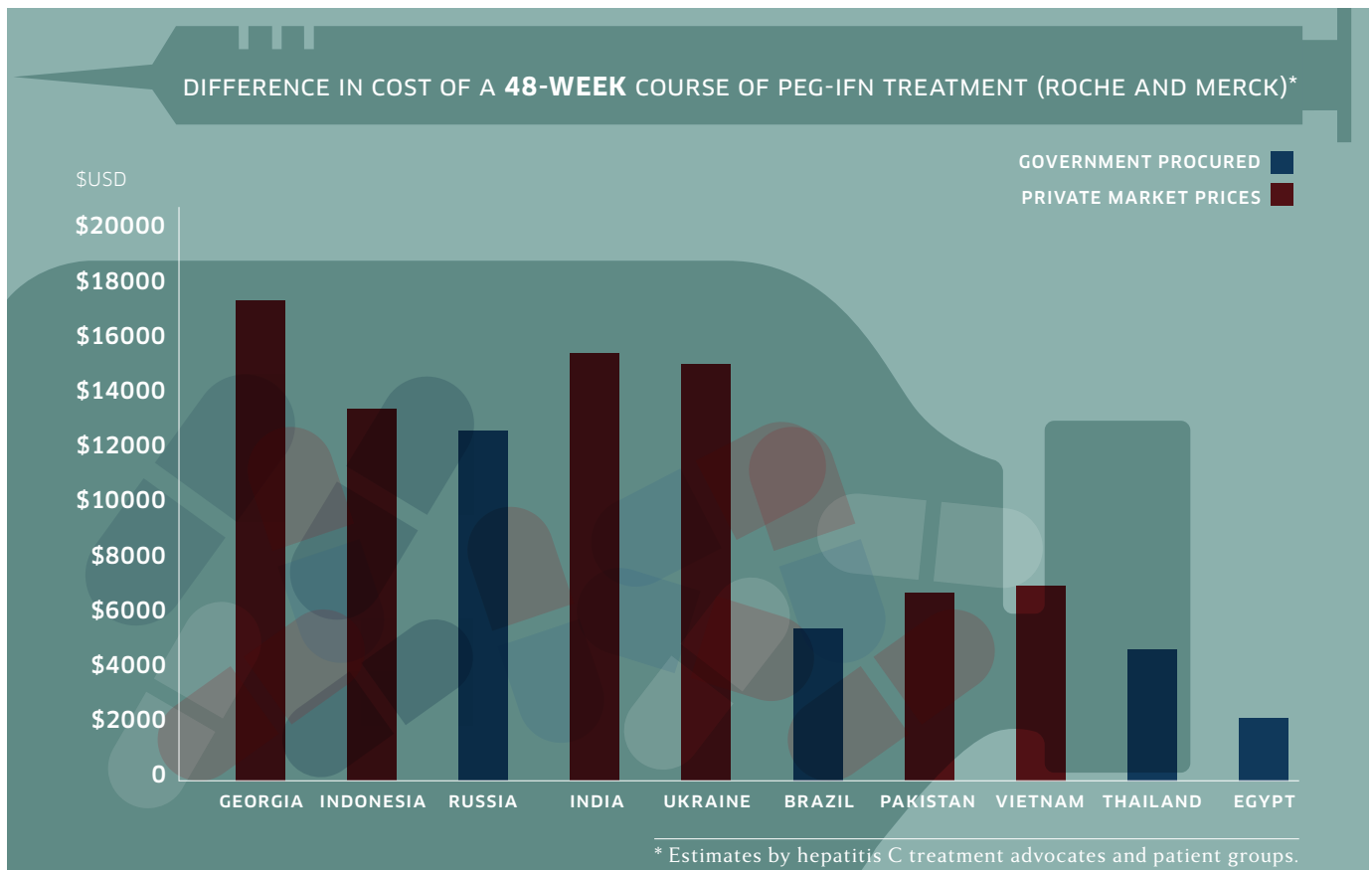
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The World Health Organization has dubbed hepatitis C a “viral time bomb”, and estimates that there are as many as 185 million people, or 3% of the world’s population, currently living with the hepatitis C virus (HCV). While hepatitis C is a global epidemic, it disproportionately affects marginalized groups, such as people living with HIV and people who inject drugs, and results in over 350,000 liver-related deaths per year.^[i]



While it is curable, the vast majority of people living with hepatitis C reside in low- and middle-income countries^[ii] where treatment is virtually inaccessible. Access to treatment is severely limited by the fact that the main medicine used in the current standard of care—Pegylated Interferon-alfa (Peg-IFN)—is priced out of reach for most people in these countries, and for their governments. Two pharmaceutical giants—Roche and Merck—sell all of the brand-name Peg-IFN around the world: Roche makes Pegasys® and Merck, Pegintron®. This duopoly allows the companies to charge exorbitant prices. Even in low- and middle-income countries, where many patients have to pay for treatment out of their own pockets, the cost of the medicine can be as high as \$18,000 USD for a 48-week course of treatment. For those who cannot afford it, this price tag may mean death.

The cost of producing Peg-IFN only represents a fraction of this high figure, and as the remainder is simply profit, there is clearly room for a substantial reduction in price. Breakthroughs have already been achieved through civil society activism, competition with alternative Peg-IFN producers, government commitment, and negotiations with pharmaceutical companies. In Egypt, for example, where there is a large hepatitis C epidemic, and a locally-produced competitor to the brand-name medicines, the government has been able to secure Merck and Roche products at less than \$2,000 USD for a 48-week course of treatment—sharply below the price of the same medicines in other countries. As the table illustrates, there are dramatic differences in prices for brand-name Peg-IFN in many countries, with price ranging from under \$2,000 to almost \$18,000 USD for the same medicine.



The Negotiating Power of Governments

Currently, only a handful of low- and middle-income countries' governments, including Egypt, Thailand, Russia, and Brazil, have allocated limited public funds for the purchase of Peg-IFN. To ensure that patients can receive treatment, and to make the most of these resources, it is imperative that governments use their purchasing and negotiating power to lower the price of this medicine.

Lower prices enable governments to increase their commitment to treat patients. Egypt's success in securing price reductions from Roche and Merck in 2007 resulted in a reduction in price from \$12,000 USD for a 48-week course of treatment to the current price of just under \$2,000 USD, and has allowed over 220,000 people access treatment. In Thailand, where there is still no competition to the branded products, the government was able to commit to cover hepatitis C treatment under its universal health care program after negotiating a four-fold reduction in price for Peg-IFN by Roche and Merck to \$4,800 USD for a 48-week course of treatment.^[iii]

In contrast, a recent report by the International Treatment Preparedness Coalition in Russia indicates that the high price for Peg-IFN procured by the Russian government is severely limiting the number of people who can be treated,

and estimates that less than 1% of those who need treatment are accessing it through the national program.^[iv]

Other governments are following Egypt and Thailand's lead, with lower prices currently being negotiated in Georgia and Ukraine. The role of civil society groups and patient advocates has been crucial in strengthening political will to treat hepatitis C in these countries by demanding action from governments, helping to expose pharmaceutical companies' pricing policies, and calling for lower prices.

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Patients Must Come Before Profits

The pharmaceutical industry is one of the most profitable industries in the world.^[v] In 2012, Merck and Roche generated profits of 6.7 billion USD^[vi] and 15.1 billion USD,^[vii] respectively. In the same year, Roche's Pegasys® remained one of its top five selling products, producing 1.75 billion USD^[viii] in sales, while sales of Merck's Pegintron® reached 653 million USD.^[ix] These medicines have been on the market for over a decade, so it is fair to conclude that Roche and Merck have long recouped their investments in research and development for these drugs.

While the future of hepatitis C treatment looks promising with new medicines in the pipeline, these are likely to be patented globally and priced out of reach for the vast majority of people who need them. Without effective price reduction, competition, and pressure from advocates and governments, the pharmaceutical companies will continue to put profits before patients, and fuel the hepatitis C pandemic.



The role of civil society groups and patient advocates has been crucial in strengthening political will to treat hepatitis C in low- and middle-income countries.

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