

U.S. Pharmaceutical Company Gilead Sciences Under Investigation for Over-Charging for Hepatitis C Pill

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Gilead Sciences of San Francisco is under investigation by the U.S. Senate Finance Committee for charging \$84,000 for a 12 week course of a new drug to treat hepatitis C. Gilead sells the exact same course for \$900 in poor countries like Egypt and India.

Sovaldi – the brand name for sofosbuvir – was approved last December by the U.S. Food and Drug Administration, to treat hepatitis C, a viral infection that can cause fever, fatigue, cirrhosis and deadly liver cancer. Some 150 million people around the world are estimated to be at risk, often many years after receiving contaminated blood transfusions. ([Body Shop founder Anita Roddick died from such a transfusion](#)). Sovaldi has been described as a breakthrough drug because of its ability to cure victims in just three months, with few side effects.

A new study by Express Scripts, a pharmacy benefits firm, estimates that U.S. government healthcare programs alone will have to spend \$55 billion to buy Sovaldi. "[Should the states be compelled to pay for everyone?](#)" Dr. Steve Miller, medical director for the firm, asked NBC News. "You're going to have to figure out if you're going to have to go back to your voters and ask for more funding."

"Although Sovaldi has the potential to help people with HCV, at \$1,000 per pill, [its pricing has raised serious concerns about the extent to which the market for this drug is operating efficiently and rationally](#)," the senators wrote. "Given the impact Sovaldi's cost will have on Medicare, Medicaid and other federal spending, we need a better understanding of how your company arrived at the price for this drug."

Activists have been sharply critical. Jennifer Cohn of Doctors Without Borders [described Gilead's prices as "corporate greed."](#)

The critics point in particular to the fact that Gilead has [agreed to sell the same drug in the U.K. for \\$57,000 a course](#), after the government-run National Health Service negotiated lower prices with the company and [for just \\$900 in Egypt](#). "[Egypt's example shows the power of a public health approach and its large scale](#)," Stefan Wiktor, the director of the World Health Organization's global hepatitis program, told Bloomberg. "One of the reasons they were able to negotiate a lower price is because they have a big program."

The company defends its pricing policy. "Gilead's global pricing model is based on a country's ability to pay," says Gregg Alton, executive vice president of corporate and

medical affairs at Gilead.

Yet, Gilead's strategy is also likely based on the fact that poor countries like India have taken a [firm stand against paying astronomical prices for specialized drugs](#) and courts have ruled in their favor a number of times. Instead of fighting the matter in the courts like Novartis, Gilead has taken a more practical approach of sitting down at the bargaining table. The problem for U.S. victims is that once private health insurers have agreed to pay top dollar, it raises the price for others in the same country, notably the state insurance programs.

Experts say that astronomical prices for newly patented "breakthrough" drugs are not going away anytime soon so long as U.S. insurance companies are willing to pay, a prospect that has helped the stock prices of pharmaceutical companies to soar. For example, Kalydeco, a new drug to treat cystic fibrosis, a genetic lung disease, is priced at \$300,000 a year for a treatment that last for a lifetime.

"[Wall Street is all charged up](#). There really hasn't been any pushback yet on cost," Barry Werth, the author of "The Antidote," a book about Kalydeco, told the New York Times. When asked why the company charged so much for the drug, Werth said simply: "Because they can."

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