

Statement of Senator Bernard Sanders, Chairman
Senate Committee on Veterans' Affairs
Hearing: Hepatitis C Medications
December 3, 2014 11:30am

Good morning and welcome to a hearing on a very important topic – access to prescription drugs for our nation's veterans.

We are here today because of what should have been welcome, positive news. For the first time, we have at our fingertips an effective, fast-working, and life-saving tool to treat Hepatitis C. But this good news was quickly followed by bad news: the manufacturers of this new drug are charging such a high price that many of the millions of Americans living with Hepatitis C won't be able to afford this breakthrough medication.

Hepatitis C is a crisis, millions of Americans are living with the disease. Many, many of these people contracted the disease through no fault of their own. They got Hepatitis C from blood transfusions and other common place medical procedures. And these procedures were done in hospitals, some of them military hospitals. This is particularly true for veterans living with Hepatitis C.

We also know that the federal government has supported research and development of new medications to treat Hepatitis C, along with other infectious diseases. In fact, the lead researchers who developed the medication – now known as Sovaldi – for Pharmasset received approximately \$18 million from the federal government over the last 20 years. One of them even works at the Atlanta VA.

Prior to these new drugs, the primary method for treating Hepatitis C was interferon, an injectable medication that has side-effects that are terribly painful for many patients. Additionally, many patients required additional medical intervention, including liver transplants. These treatments were expensive. According to research by Dr. John Gaetano of the University of Chicago who has special expertise in Hepatitis, it is estimated that costs for a person with liver damage over a ten-year period can exceed \$270,000 and the average liver transplant in 2011 cost \$577,100.

This brings us to the purpose of today's hearing – the new treatments for Hepatitis C now on the market and the exorbitant price tag associated with them.

Gilead, the manufacturer of Sovaldi, is selling the drug at an astounding price of \$84,000 for a twelve-week course of treatment, or about \$1,000 per pill. I had invited Gilead to testify today. I had hoped they could share their perspective on the cost of their new Hepatitis C drugs. Maybe they could have explained to this Committee why they believe their pricing is fair and reasonable. But,

unfortunately, they declined our invitation because all of their executives who could have spoken on this issue are traveling internationally.

Just like any for-profit company, drug companies charge what they think the market will bear. Gilead clearly made the calculation that they could charge excessive prices for this groundbreaking drug and that the federal government would pay.

And I get it – companies are motivated to make a profit. But Gilead is making profits in spades. They purchased Pharmasset – the original developers of Sovaldi – for \$11 billion and, according to some estimates, are expected to make more than \$200 billion on sales of the drug.

With numbers like these, we're not talking about a company looking to make ends meet – or even fund their next great medical breakthrough. So we must ask, how much is too much?

- When a company's CEO receives compensation that exceeds \$40 million per year, is it too much?
- When a company can make back an \$11 billion investment in just one year on just one drug, is that too much?
- When a company is profitable because of help from the federal government, is that too much?
- When insurance companies refuse to pay for a medication because of its cost, depriving millions of Americans of care that can help them, is that too much?
- And when VA is forced to choose which veterans get care because they can't afford to give the same care to everyone, can't we all agree that is just too much?

We're looking at a company who is milking a cash cow for everything it's worth. Gilead could give Sovaldi to VA and the impact on their profits would be marginal.

But the cost of this drug to VA is not marginal. Hepatitis C affects veterans – particularly Vietnam-era veterans – at a rate higher than the general population. This makes VA the largest provider of care in the US for patients with chronic Hepatitis C.

VA currently has approximately 174,000 veterans receiving care for the Hepatitis C virus – or HCV – and estimates an additional 42,000 veteran patients have not yet been tested to see if they, too, have the disease.

A full 25 percent of VA HCV patients have advanced liver disease, also called cirrhosis, and in the last 10 years the number of veterans with liver cancer – a common side-effect of HCV– among the veteran population has increased 10-fold.

Chronic Hepatitis C patients often have many other health problems, like chronic pain and mental health issues. Overall individuals with chronic HCV have lower health-related quality of life and ultimately need serious medical interventions like liver transplants.

Until recently, a Hepatitis C diagnosis was a death sentence and the drugs on the market to treat the disease had terrible side effects. Now, however, new drugs like Gilead's Sovaldi and Harvoni – and other drugs that are expected to be approved by the FDA in the coming months – have given new hope to people worldwide suffering from the disease.

These medications have forever changed the long term outcomes of HCV but the cost of the new drugs has become a new barrier to treatment, as both public and private payers are unable or unwilling to cover the cost of the drug.

VA has done its part by using its buying power to negotiate a much lower price for the drug. But even with a discount of more than 45 percent, these extremely high drug prices compelled VA to come to Congress this summer with a request for an additional \$1.3 billion in funding to treat veterans with Hepatitis C.

Some may argue today that VA got a good deal. On the surface, I do not disagree. A 45 percent discount on anything sounds like a good deal. But 45 percent of an exceedingly high price is still a high price and VA's funding request is evidence of that.

And when hearing of this supposedly "good deal" for VA, we must also ask: good compared to what? At their discount, VA is paying \$539 *per pill*. According to what Gilead executive vice president Greg Alton told the *Times of India* on August 6th, the company intends to price Sovaldi in India at \$300 per bottle. And government-run programs in Egypt are expected to pay a similar price.

Bloomberg News reported that Gilead is working on deals with generic drug makers to sell Sovaldi to about 80 developing countries for about \$900 per treatment – just over one percent of the cost in the US. In fact, I understand the reason Gilead is not here today is because they are meeting with these countries.

Clearly, Hepatitis C is a worldwide problem and it is welcome news that these new drugs have such life-saving potential in every corner of the globe. But is it really fair that these countries receive such a generous – and affordable – price while our own veterans do not?

Given these profits, given Gilead's willingness to make sweetheart deals with foreign governments, and given the high need among a group of individuals who gave so much for our country, we have to ask if there isn't some type of moral imperative for Gilead to do better.

I appreciate the work VA has done to move rapidly to provide the most up-to-date treatment for veterans with HCV, but it is deplorable that – due to the high price tag – VA might not be able to offer this treatment to all who qualify.

We cannot leave VA providers in the position where they are forced to choose which veterans get treated for their HCV and which do not because of cost.

This is unacceptable. For my part, I have stated publicly that VA must be given the resources it needs to care for our veterans. But companies cannot use Congress's commitment to caring for veterans as an excuse to charge any price and expect it to be paid.

Companies like Gilead are gouging the American consumer and the American taxpayer and they are ignoring any sort of moral obligation to help very sick people access life-saving medications. The American public deserves better. Our veterans deserve better.