



CAHP's On Target series highlights noteworthy information we believe is valuable to the ongoing California health care dialogue. A recent [Sacramento Bee](#) article focuses on the unprecedented \$300 million set aside in Governor Brown's proposed budget to help pay for Hepatitis C drugs. These funds may be the tip of the iceberg, however, as the state begins to assess the impact on state programs of expensive new Hep C medications that can run more than \$84,000 for one course of treatment. In 2000, the state estimated that 600,000 Californians are infected with Hep C, with 5,000 new cases each year, and many of them receive health coverage through government programs. State leaders are right to question the sustainability of these high-priced drugs in the long-term.

Hepatitis C drug's high cost hits California budget

The Sacramento Bee

January 16, 2015

By David Siders

THE SACRAMENTO BEE

"Last year, after the Food and Drug Administration approved a breakthrough new drug for hepatitis C, health officials around the country warned of dire consequences for state budgets...

"It's huge. It was clearly something that caught folks by surprise."

Michael Cohen
Director
California Department of Finance

"In California last week, Gov. Jerry Brown's administration quantified the impact: Tucked inside Brown's annual spending plan was \$300 million for the cost of new hepatitis C drugs, including Sovaldi, the drug approved in December 2013.

"The single budget item – \$100 million this fiscal year and \$200 million in 2015-16 – eclipses proposed general fund spending on state parks or on emergency drought response next year...

"This is a huge exposure to the state," said Charles Bacchi, president and chief executive officer of the California Association of Health Plans.

"The state Department of Health Care Services estimated this week that, as of October, roughly 1,695 Medi-Cal recipients had received Sovaldi or Johnson & Johnson's hepatitis C drug Olysio, or a combination of the two. For those treatments, Medi-Cal has paid about \$108 million, the state said."

Read more here: <http://www.sacbee.com/news/state/article7058828.html>. See CAHP's fact sheet [Spotlight on Specialty Drugs](#).

California Association of Health Plans

CAHP is a statewide trade association representing 42 full-service health plans. CAHP works to sustain a strong environment in which health plans can provide access to products that offer choice and flexibility to the more than 24 million members they serve. For more information, please visit www.calhealthplans.org or call (916) 552-2910.