

# Aging Will Affect Medicare's Hepatitis C Mortality and Cost

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Baby-boomers (born between 1945 and 1965) make up the majority of Americans infected with Hepatitis C. We examine some of the mortality and cost dynamics as HCV-infected people with commercial insurance age into Medicare.

Hepatitis C is curable, but the cost of recently released therapies to treat and cure HCV has raised concerns among payers including governments. At the same time, the mortality and future cost of treating HCV's medical complications is not yet fully understood.

## MODELING MIGRATION FROM COMMERCIAL INSURERS

Curative treatment of HCV at earlier disease stages for commercially-insured patients will likely reduce mortality rates; more treatment means more individuals may survive to enter Medicare. In addition, the nature of HCV infection means that if patients are not treated prior to Medicare eligibility, the disease is likely to progress and future Medicare expenditures may rise.

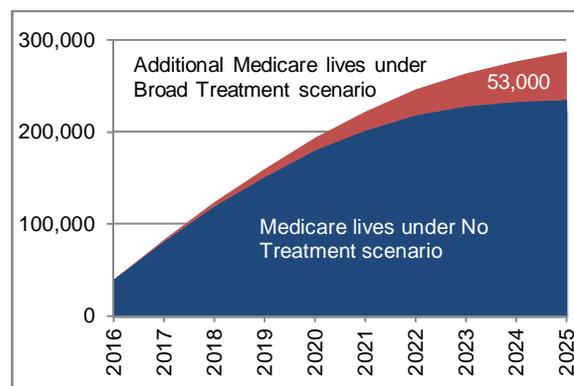
We modeled several scenarios for HCV treatment by commercial insurers and their impact on the number of Medicare enrollees and their medical costs. These two scenarios show large differences in outcomes:

- § No curative treatment
- § Broad curative treatment: all cirrhotic and non-cirrhotic patients

Under the broad HCV treatment scenario, 53,000 more people would be covered by Medicare by 2025, compared to the no curative treatment scenario. Also, medical costs for individual patients for the period 2016-2025 would be approximately \$40,000 lower, without considering curative treatment cost<sup>1</sup>.

<sup>1</sup> Prices for curative treatment range from about \$84,000 to under \$50,000; however, net prices seem likely to decline as more curative drugs enter the market.

## HCV PATIENTS ENTERING MEDICARE IN 2016 THROUGH 2025, WHO ARE PREVIOUSLY COMMERCIALY INSURED



Assuming broad treatment of cirrhotic and non-cirrhotic HCV, total medical costs to Medicare for newly Medicare-eligible HCV patients in the period 2016-2025 are predicted to be \$40.5 billion by 2025, compared to about \$44.4 billion without treatment. This difference of approximately \$3.9 billion accounts for both lower medical costs per patient and for the fact that patients survive longer, and therefore incur more medical costs under Medicare.

Broad HCV treatment of people who now have commercial coverage can not only stop the progression of the disease but also reduce mortality and decrease future medical costs to Medicare.

This report was commissioned by Abbvie. The full report can be accessed here: <http://www.milliman.com/insight/2015/Aging-will-affect-Medicare-Hepatitis-C-mortality-and-cost/>

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