

# When Medicare chips in on hepatitis C treatment for Medicaid patients, everyone wins

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A recent study from the USC Schaeffer Center examines the costs of treating hepatitis C. Credit: iStock)

Untreated hepatitis C can lead to serious and life-threatening health problems like cirrhosis and liver cancer. Direct-acting antiviral therapies introduced in recent years are highly effective, with cure rates above 95%.

But most Medicaid beneficiaries with hepatitis C don't get these drugs, which cost \$20,000-\$30,000, due to state budget constraints.

Now, a new USC study finds that a Medicaid-Medicare partnership could cover the lifesaving medications—and still save \$1 to \$1.1 billion over 25 years. Medicaid is a joint federal and state program that provides [health coverage](#) for low-income families and others. Medicare is the federal [health](#) insurance program for people 65 and older.

The study was published today in the *American Journal of Managed Care*.

Researchers with the USC Schaeffer Center for Health Policy and Economics studied the state of Maryland's "total [coverage](#)" proposal, where the state receives a credit from Medicare to offset Medicaid investments in hepatitis C treatments that could lead to Medicare savings. Hepatitis C complications tend to snowball as time goes on, leading to costly treatment by the time the patient is eligible for Medicare.

"Our findings show that Medicare has significant financial incentives to partner with Medicaid to treat the majority of hepatitis C cases," said William Padula, a fellow with the USC Schaeffer Center and an assistant professor of pharmaceutical and health economics at the USC School of Pharmacy. "Joint Medicaid-Medicare coverage provides a cost-effective solution to treat all patients now to reduce harm caused by chronic infection in the United States."

## Modeling different treatment options for hepatitis C

Padula and colleagues developed a model to simulate three different pathways for patients going through the care continuum for hepatitis C. The first pathway simulated standard coverage with 50% probability of screening for the virus and 20% probability of treatment with direct-acting antiviral therapies—reflecting current state policies on screening and coverage decisions.

Two additional models simulated Medicare credits to the state Medicaid program. One was a risk-stratified total coverage model which assumed the probability of screening at 80% and a treatment rate of 60%; the other model simulated total coverage with assumed 80% probability of screening and 100% treatment rate.

The study found that the total coverage model saved \$158 per patient and the risk-stratified coverage saved \$178 per patient, compared with standard care. Total coverage would save \$1 billion and risk-stratified total coverage would save \$1.1 billion over the course of 25 years.

The researchers say their [model](#) allows states to calculate the costs and savings of a total coverage policy and state public health agencies should explore using it to meet their needs.

"Maryland may be one of the first states to pilot the concept of a total coverage solution for [hepatitis C](#) treatment through joint Medicare-Medicaid payments, but all 50 states are grappling with this challenge," Padula said. "Cost sharing between the two programs will also improve the lives of patients and minimize the probabilities of future infection."

**More information:** William V. Padula, PhD et al. Cost-effectiveness of total state coverage for hepatitis C medications, *The American Journal of Managed Care* (2021). [DOI: 10.37765/ajmc.2021.88640](#)

Provided by University of Southern California

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