

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

|                    |                        |
|--------------------|------------------------|
| TO<br><i>Giese</i> | DATE<br><i>9-14-11</i> |
|--------------------|------------------------|

| DIRECTOR'S USE ONLY   | ACTION REQUESTED   |
|---|--|
| 1. LOG NUMBER<br><i>00120</i>   | <input type="checkbox"/> Prepare reply for the Director's signature<br>DATE DUE _____  |
| 2. DATE SIGNED BY DIRECTOR<br><i>* Ref log #52</i><br><i>cc: Mr. Beck</i><br><i>Closed 10/11/11, letter attached.</i> | <input checked="" type="checkbox"/> Prepare reply for appropriate signature<br>DATE DUE <i>9-23-11</i><br><br><input type="checkbox"/> FOIA<br>DATE DUE _____<br><br><input type="checkbox"/> Necessary Action |

| APPROVALS<br>(Only when prepared<br>for director's signature) | APPROVE | * DISAPPROVE<br>(Note reason for<br>disapproval and<br>return to<br>preparer.) | COMMENT |
|---|---------|--|---------|
| 1.  |         |  |         |
| 2.  |         |  |         |
| 3.  |         |  |         |
| 4.  |         |  |         |



CONSULTANTS IN  
GASTROENTEROLOGY

September 7, 2011

Vasa W. Cate, MD, Retired  
Richard M. Lawson, MD  
S. Gabe Saleeby, MD  
March E. Seabrook, MD, FACG  
Eric J. Heinzlmann, MD  
John W. Schaberg, MD, FACG  
Gene W. Stuart, MD  
Rajeev Vasudeva, MD, FACG  
Jessica Anderson, RN, ANP  
Angela Darby, RN, FNP

Melanie Giese  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

Dear Melanie:

Thanks very much for responding to my letter regarding the exorbitant cost of treatment for hepatitis C patients. As I indicated, there are two new protease inhibitors that are on the market. It is my understanding that the wholesale acquisition cost (WAC) of these two drugs is substantially different. I really do want to know which one costs me (the taxpayer) less. Though I am a physician and I care for my patients, I also care for the solvency of a system gone crazy. Of the two drugs that are now available, the Telaprevir reportedly costs over \$49,000 for the 12 weeks of treatment. This is not including Ribavirin and Interferon. The other medicine, Boceprevir, cost anywhere from \$23,000-\$32,000. Both of these numbers are extraordinarily high to me and before I am going to place one of my patients on these medicines, I really do want to know which one costs more. I do not think it is appropriate in this world of "transparency" that you would hide behind some act that must be outdated.

I want to help this state; I do not want to hurt it and I think you can help me in this matter.

Yours Most Respectfully,

March E. Seabrook, M.D.

MES/acs

pc: Senator Ronnie W. Cromer

RECEIVED  
Dept. of Health  
Human Services

SEP 14 2011

Medical and  
Managed Care Services

**West Columbia**  
131 Summerplace Drive  
West Columbia, SC 29169  
803-794-4585

**Northeast Columbia**  
11 Gateway Corners Park  
Columbia, SC 29203  
803-462-2300

**St. Andrews**  
7033 St. Andrews Rd, Suite 304  
Columbia, SC 29212  
803-794-4585

**Lexington**  
811 W. Main St. Suite 208  
Lexington, SC 29072  
803-794-4585

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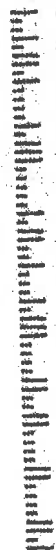


**CONSULTANTS IN  
GASTROENTEROLOGY**

131 Summerplace Drive  
West Columbia, SC 29169

Melanie Giese  
South Carolina Department of Health and  
Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

29202-8206



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ZIP 29169  
041L10218709

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| APPROVALS<br>(Only when prepared for director's signature) | APPROVE   | * DISAPPROVE<br>(Note reason for disapproval and return to preparer.) | COMMENT |
|--|---|---|---------|
| 1. <i>Val allis</i>  | <i>10-10-11</i><br><i>10-6-11</i><br><i>10-5-11</i><br><del><i>10-29-11</i></del> |   |         |
| 2. <i>BB Gier</i>  | <i>10/11 04/3</i>   | <i>10/5 10/2</i><br><i>10/10</i>                                      |         |
| 3.   |   |   |         |
| 4.   |   |   |         |



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GASTROENTEROLOGY

September 7, 2011

ref. 1950  
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ZIP 29169  
041L10218709



October 11, 2011

March E. Seabrook, M.D.  
Consultants in Gastroenterology  
131 Summerplace Drive  
West Columbia, South Carolina 29169


Dear Dr. Seabrook: *March*

Thank you for your letter regarding the cost of Ribavirin and Telaprevir, which are, used for the treatment of hepatitis C patients. We welcome the opportunity to be of assistance.

The South Carolina Department of Health and Human Services (SCDHHS) works very diligently to ensure that Medicaid pays the lowest possible cost for drugs. Under the federal rebate system, the drug payment amount to the pharmacist and/or physician has little correlation to what Medicaid ultimately pays for that drug. The net cost of drugs is determined after rebates are paid to South Carolina Medicaid. These two (2) drugs will be presented at the Pharmacy and Therapeutics (P & T) Committee meeting in November to determine which drug may be given preferred status if appropriate. We will certainly make your concerns known to the P & T Committee members as they deliberate this matter. Once the recommendations of the committee on this class have been incorporated into the Preferred Drug List (PDL), South Carolina Medicaid will also receive additional supplemental rebates from the manufacturer on the selected product, further reducing the net cost to the Medicaid program. All PDL selections are subject to change as we continue working with the manufacturer to determine the supplemental rebates each manufacturer is willing to provide Medicaid. Unfortunately, Medicaid is not permitted to publish the actual unit rebate amounts that are granted to the program.

With the data that we currently have available, it appears Ribavirin would be the more cost effective of the two. However, because one product (Telaprevir) is for a fixed length of time and the other (Ribavirin) is for a range, and these products have only been on the market for a couple of months, it is difficult to build an accurate cost projection at this time. We would like to discuss your concerns in-depth to ensure that we incorporate your thoughts in the coverage decisions on these drugs. Mr. James Assey, our Medicaid Pharmacy Consultant, will contact you to set up an appointment prior to the P & T Committee meeting.

Thank you for contacting us and for the continued participation in the South Carolina Healthy Connections Medicaid program. If you have any additional questions or concerns please feel free to contact Mr. James Assey at (803) 898-2660.

Sincerely,  
  
Melanie "BZ" Giese, RN  
Deputy Director

MG/ws