

## Here's Why Gilead Sciences, Inc (GILD) Stock May Continue To Slide

Gilead recorded its largest ever one-day decline yesterday after Express Scripts dropped the company's hepatitis C drugs for a competitor's treatment. Gilead may be in for some more bad news soon if Achillion releases positive trial results for its experimental hepatitis C combo, ACH-3102  
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<http://www.bidnesstc.com/31504-gilead-sciences-gild-may-have-to-cut-price-of-hepatitis-c-drug-to-battle-co/>

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Gilead Sciences, Inc. (NASDAQ:GILD) shares sank over 14% yesterday — the most since 2001 — after the largest pharmacy-benefits manager in the US, Express Scripts Holding Company (NASDAQ:ESRX), announced it was scrapping Gilead's hepatitis C drugs off its list of covered medications for genotype 1 hepatitis C virus in favor of AbbVie Inc.'s (NYSE:ABBV) lower-priced drug for the same indication. The announcement came as a direct threat to Gilead's dominion in the hepatitis C market, catching investors by surprise, who pulled down the biotech's stock price to \$92.90 at the end of the regular trading session.

AbbVie's hepatitis C combo, Viekira Pak, won US regulatory approval past Friday. The drug, which would cost a little over \$83,000 for a standard 12-week treatment plan before any negotiated discount, is priced slightly below what Gilead charges for its blockbuster drug Sovaldi and at a 12% discount to Harvoni, Gilead's newer and improved version of Sovaldi.

Gilead charges \$84,000 for Sovaldi for a 12-week dosing plan. The company has priced Harvoni at \$64,000 for an eight-week dosing plan and at \$94,500 for a 12-week plan. Harvoni, because of its potency, can be taken for eight weeks to completely cure genotype 1 type of the hepatitis C virus, the most common form of hepatitis C. In contrast, AbbVie's therapy, as per the trial results, will require most patients with genotype 1 type to take the pills for a period of 12 weeks to be completely cured of the virus.

AbbVie has offered a sizable discount to Express Scripts in exchange for exclusivity status for Viekira Pak. The company, as per estimates by Bank of America Merrill Lynch, may be discounting its treatment plan by as much as 30-35% off the list price to win the exclusivity status. In contrast, Gilead has been known to offer a discount of 8% to pharmacy-benefits management companies for its hepatitis C regimens.

AbbVie has also agreed to not charge double the rate for patients who will need the treatment for 24 weeks.

AbbVie's treatment regimen comprises as many as six pills, with some having unpleasant side-effects, which is a stark difference from the once-a-day Harvoni. The fact that Express Scripts will now be exclusively offering AbbVie's Viekira Pak may lead the company into some serious legal problems pertaining to limiting patient options.