

[Gilead Sciences](#) announced Monday the much-anticipated pricing for its [coronavirus](#) treatment remdesivir, saying it will cost hospitals \$3,120 for a typical U.S. patient with commercial insurance.

The company announced its pricing plans in preparation for it to begin charging for the antiviral drug in July. The company has been donating doses to the U.S. government for distribution since it [received emergency use authorization in May](#).

[The drugmaker said](#) it will sell remdesivir for \$390 per vial to governments “of developed countries” around the world, and the price for U.S. private insurance companies will stand at \$520 per vial. In the U.S., that means Gilead will charge a lower price for government programs like Medicare and a higher price for private insurers.

“Whether you’re covered by a private insurer, whether you’re covered by a government insurer, whether you’re uninsured with Covid-19, there will not be an issue for access with remdesivir,” Gilead CEO Daniel O’Day said in an interview Monday with CNBC’s [Meg Tirrell](#) on “[Squawk Box](#)” after the announcement.

Uninsured individuals will be covered under provisions of the CARES Act, a senior official in the Department of Health and Human Services said on a conference call with reporters Monday. For privately insured people, out-of-pocket costs will be determined by individual insurance plans, the official added.

Every drug in the U.S. has two list prices due to the country’s health-care system, O’Day told CNBC, adding that he stands by the pricing structure and that it will ensure access for those who need it. Its government price of \$390 per vial was determined based on developed countries with the lowest purchasing power, O’Day said, in order to avoid negotiations with each country that could slow down access to the drug.

The company said it has entered into agreements with generic manufacturers to provide the drug at a “substantially lower cost” in developing countries.

Shares of Gilead were up more than 1% in late-morning trading Monday.

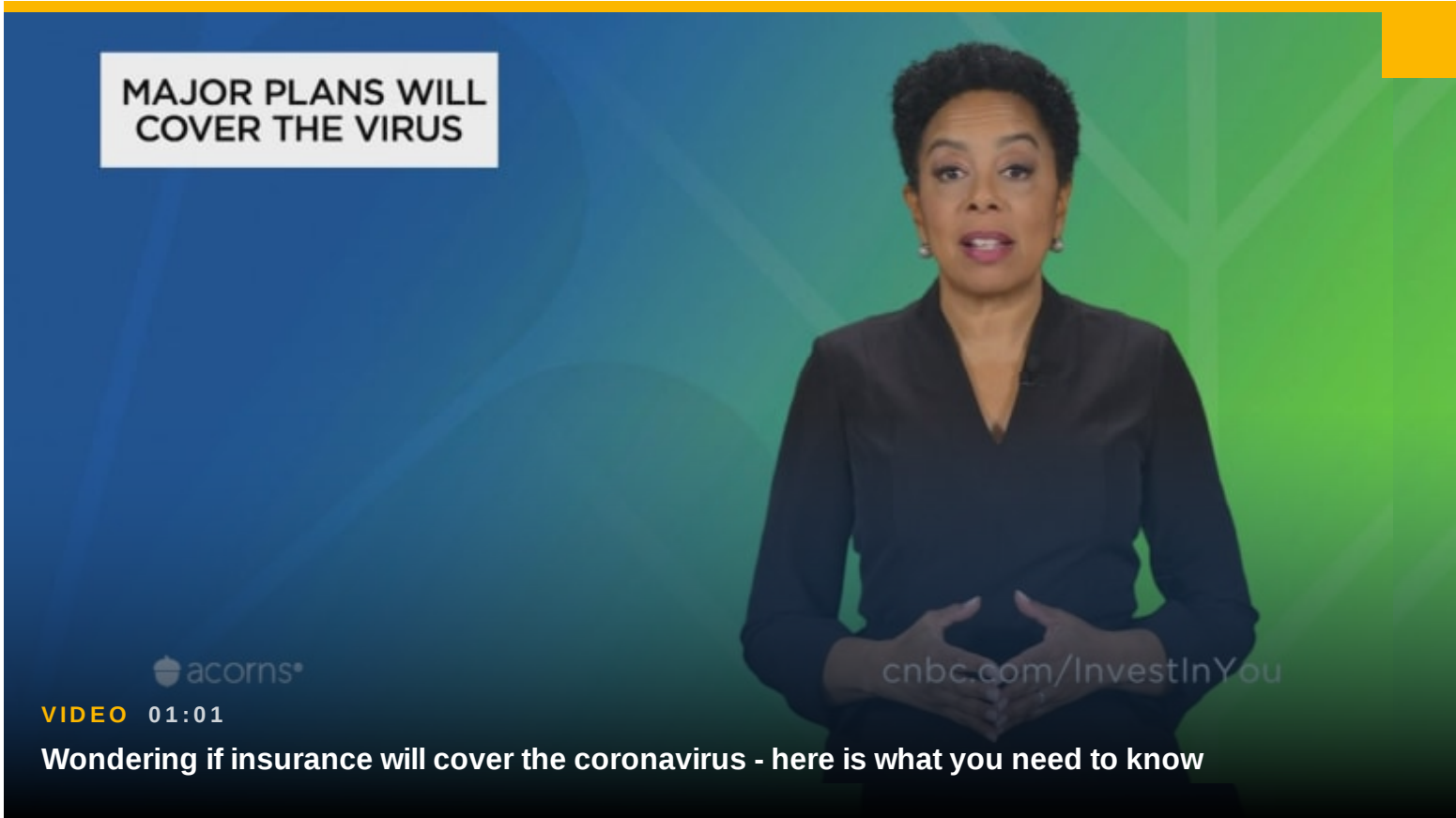
The majority of patients treated with remdesivir will receive a five-day treatment course using six vials of remdesivir, the company said. That would bring the government cost to \$2,340 for patients on the five-day treatment and \$3,120 for patients through commercial insurance.

The longer, 10-day treatment course, which uses an average of about 11 vials, will cost governments \$4,290 per patient and \$5,720 for a U.S. patient with private insurance.

While there are still no Covid-19 treatments approved by the Food and Drug Administration, scientists have found some success in shortening the recovery time of severely ill patients by using remdesivir. Given the potential to reduce costs for hospitals and to save lives, Gilead said its price of \$390 per vial is “well below” the drug’s value.

“At the level we have priced remdesivir and with government programs in place, along with additional Gilead assistance as needed, we believe all patients will have access,” O’Day wrote in an open letter.

Use of the drug will help hospitals save about \$12,000 per patient due to earlier hospital discharge, the company said. In April, the National Institute of Allergy and Infectious Diseases released results from its study that showed Covid-19 patients who took remdesivir usually recovered about four days faster than those who didn’t take the drug.



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The image is a video thumbnail with a blue and green background. A woman with short dark hair, wearing a dark blazer, is speaking. In the top left corner, there is a white box with the text 'MAJOR PLANS WILL COVER THE VIRUS'. In the bottom left corner, there is a logo for 'acorns' and the text 'VIDEO 01:01'. In the bottom center, there is a line of text: 'Wondering if insurance will cover the coronavirus - here is what you need to know'. In the bottom right corner, there is a watermark for 'cnbc.com/InvestInYou'.

It has taken nearly two months for the company to announce a price for remdesivir since it received emergency authorization from the FDA to treat [Covid-19](#) patients. In his open letter,

O'Day said the pricing decision carried "significant responsibility" as it is the first antiviral drug shown to effectively treat Covid-19 in a major clinical trial.

Before Monday, the price of the drug had been hotly debated by doctors, health insurers and investors as it could set the bar for other drugs that later prove to effectively treat the disease.

"Remdesivir, our investigational treatment, is the first antiviral to have demonstrated patient improvement in clinical trials for COVID-19 and there is no playbook for how to price a new medicine in a pandemic," he wrote. "As with all our actions on remdesivir, we approached this with the aim of helping as many patients as possible, as quickly as possible and in the most responsible way."

HHS announced later Monday that it has secured more than 500,000 treatment courses of the drug, which it will distribute to American hospitals through September. HHS said the drug will be distributed to hospitals based on burden of Covid-19 patients.

"President Trump has struck an amazing deal to ensure Americans have access to the first authorized therapeutic for COVID-19," HHS Secretary Alex Azar said in a statement. "To the extent possible, we want to ensure that any American patient who needs remdesivir can get it."

The company continues to research remdesivir and how it could be more effectively used to treat Covid-19 patients. Last week, Gilead announced plans to start [human trials for an inhaled version of the drug](#). The company also said Monday that it is continuing to invest in ramping up production of the drug to meet demand. By the end of 2020, the company said it will expect to have invested more than \$1 billion in research and production of the drug.