

NASTAD

National Alliance of State and Territorial AIDS Directors

ADAP Crisis Task Force

The ADAP Crisis Task Force was formed in February 2003 in order to respond to the nationwide fiscal crisis that AIDS Drug Assistance Programs (ADAPs) face. NASTAD convened negotiation sessions between ten (10) representatives of the largest ADAP programs (the ADAP Crisis Task Force) and the eight (8) companies that manufacture antiretroviral (ARV) drugs. The goal of the meetings, which took place in Washington, DC, in March 2003, was to obtain significant and multi-year concessions on HIV/AIDS drug prices. In a few cases, the negotiations concluded with agreements during the week in which the meetings were held. Several other agreements were finalized in July 2003. Agreements were reached with all eight (8) manufacturers.

Members of the Task Force include representatives from California, Florida, Maryland, Massachusetts, Hawaii, New Jersey, New York, North Carolina, Texas, and Illinois.

Task Force Background Work

- Gathered background materials for each company (drug and pricing history, pipeline drugs, market trends, company fiscal status)
- Developed negotiating arguments and strategies
- Developed company specific requests

Negotiation Principles

- Fiscal crisis of ADAPs – 15 states had waiting lists or access restrictions in place as of July 2003 – states represented a critical mass for successful negotiations
- Significant and multi-year concessions on HIV/AIDS drugs, relative to each company's product line, pricing history, and fiscal condition that resulted in net savings to ADAPs
- All state/territory ADAPs to benefit equally (as well as direct and rebate purchase option states)
- No "quid pro quo" arrangements or "strings"
- Minimize "paper" to expedite implementation (e.g., simple 2 page application form)

General Arguments During Negotiations

- Unique status of ADAPs
 - Neither entitlements nor health insurers
 - ADAPs do not receive the "cost-effective" benefits of ARVs (reduced hospitalizations and long term care)
- ADAPs are major purchasers – more than \$850 million in 2002
- National crisis due to four years of under funding and huge future need
- ADAPs are already very lean – no administrative savings
- Without savings, eligibility and coverage restrictions and reductions will result
- State by state ADAP crisis reports

ADAP Crisis Task Force – continued

Benefits to Companies for Reaching Agreements

- Industry contribution will assist with leverage of federal and state appropriations
- Good community relations—AIDS and ADAPs have high visibility
- ADAPs are gateway for new “customers”
- Rapid formulary approvals
- Fewer restrictions on drugs
- Reduced costs to Patient Assistance Programs
- Avoid a new lower “set point” for access to health care

Agreements

- Roche, Gilead, Merck, Abbott, Boehringer-Ingelheim, GlaxoSmithKline, Pfizer/Agouron, Bristol-Myers Squibb
- Companies offered a variety of increased discounts/rebates and price freezes, as well as cost neutrality on new formulations of existing drugs
- Details of individual agreements remain confidential
- Value = greater than \$50 million for FY2003
- Ancillary offers (e.g., free product)
- Funds for long term solutions to the ADAP crisis
- Funds for simplifying Patient Assistance Programs’ application process

How ADAP Programs Have Assisted Task Force Efforts

- Made ARV formulary coverage dependent upon Task Force negotiations
- Negotiated ARVs only through the Task Force
- Have directed industry representatives to the Task Force
- Emphasized importance of successful outcome of negotiations—to industry and community
- Identified mechanisms for communicating pricing concerns with community partners (clinicians, consumers, health and human service agencies, other Titles of the CARE Act, etc.)

Future Steps

- Formalize the Task Force
- Obtain future NASTAD support
- Continue to coordinate with the Fair Pricing Coalition and other community partners
- Target other high cost drugs and other manufacturers of ADAP medications (non-ARV medications)
- Continue to seek other solutions to the ADAP crisis
- Explore Alternative Methods Demonstration Projects

For more information regarding the ADAP Crisis Task Force, contact Murray Penner, Director of Care and Treatment Programs at NASTAD, at mpenner@nastad.org.