ADAP Crisis Task Force – Overview

- Currently consists of eight state AIDS/ADAP directors.
- Negotiates with drug companies for supplemental discounts/rebates to benefit all ADAPs equally.
- Arguments for special pricing for ADAPs:
  - ADAPs are unlike other health care payors.
  - ADAPs are not entitlement programs with guaranteed funding.
  - ADAPs are not insurers able to raise revenues with premiums.
  - ADAPs do not receive the “cost-effectiveness” benefits of drugs (i.e., reduced hospitalizations and long term care).
- Coordinates with the Fair Pricing Coalition.
ADAP Crisis Task Force – History

- Began negotiations in March 2003 with 8 antiretroviral (ARV) manufacturers:
  - Abbott, Boehringer-Ingelheim, BMS, GSK, Gilead, Merck, Pfizer, and Roche
- Increased Discounts/Rebates & Price Freezes.
- Expansion to makers of Opportunistic Infections drugs and other high cost, highly utilized drugs.
- Renegotiation of agreements with ARV companies in May 2010 for increased discounts/rebates – due to crisis.
- Agreements with 12 manufacturers as of Sept 2010:
  - Including free HCV treatment slots from Merck/Schering
Fair Pricing Coalition

- Treatment advocates & ADAP representatives
- Advocates for reasonable pricing:
  - Initial retail price
  - Price freezes or limited price increases
- Advocates for patient access issues
  - Patient Assistance Programs & Co-Pay Programs
    - Expanding eligibility criteria
    - Streamlining and reducing barriers
    - Co-pay assistance starting at the first $1
ADAP Crisis Task Force

Value of the Agreements

- ADAP prices for ARVs range from 40% to 60% from WAC - with one drug at more than 90%.
- Price freezes with ARV manufacturers.
- Estimated Value - Total = $1.08 Billion
  - $65 Million for FY03
  - $90 Million in FY04
  - $125 Million in FY05
  - $145 Million for FY06
  - $180 Million in FY07
  - $222 Million in FY08
  - $259 Million in FY09
Recent Pricing Changes

- Federal Health Care Reform includes an additional 8% (of WAC) price reduction for all drugs for 340B programs (including ADAP) effective 1/1/2010.
- HCR price reduction “replaced” some of ACTF’s existing supplemental discounts.
- ACTF initiated new negotiations in May 2010 to ensure that new supplemental discounts were provided to ensure ADAP prices were below the new lower 340B prices.
- New ACTF agreements reduce ADAPs’ ARV costs by more than 10% - beginning in third quarter 2010.
Negotiation Goals

- **Cost Neutrality**
  - New drugs at the same cost as existing drugs in the same class.
  - No cost increase for new versions with minor “improvements”.
  - Eliminate fiscal need to “prefer” one drug over another.

- **Combination drugs**
  - No more than the cost of individual components.
  - Generic drug prices factored in.

- “Package” of discounts on company’s product line to achieve cost neutrality.
Negotiation Issues

- Negotiated ADAP prices are confidential.
- Drug companies do not want their drugs disadvantaged.
- ADAPs’ have a public health responsibility for clinical oversight to protect patients.
- Compromise = any restrictions are based on FDA approved labeling and/or are consistent for all drugs in the class.
- Pricing does take into account effectiveness, toxicity/side effect profiles and scope of use.