



## A Coordinated Strategy to Save America's ADAPs May 2011

AIDS Drug Assistance Programs (ADAP) play a key role in the federal and state response to the U.S. domestic AIDS epidemic by providing medications to individuals who are living with HIV and are uninsured or underinsured. ADAPs, as critical safety net programs, are at the center of a perfect storm brought on by the extended economic downturn. ADAP enrollment and utilization continue to increase while federal appropriations have risen much slower, state allocations are fluctuating due to state fiscal crises, and drug costs continue to climb.

As a result, many ADAPs are experiencing a continuing fiscal crisis, as documented in NASTAD's May 6, 2011 [ADAP Watch](#). This crisis contributes to a variety of cost containment measures and access restrictions for ADAP, including waiting lists, eligibility and formulary reductions as well as other program caps and restrictions. In addition, as states cobble together available funding to continue ADAP services, other care and treatment and support programs are experiencing cost containment measures and access restrictions.

In order to meet the needs of nearly 191,000 individuals living with HIV receiving ADAP services and tens of thousands more who will turn to the program throughout the next year to meet their HIV medication needs, ADAPs, state and federal governments and industry partners must all work together to solve the ADAP crisis. Many organizations and coalitions have joined together and are pursuing a coordinated strategy to help save America's ADAPs. This strategy consists of three components:

- 1. Secure additional resources for ADAP from the federal government:** A large gap remains for ADAPs in FY2012. In FY2011, ADAPs received an increase of approximately \$25 million (along with the continuation of the \$25 million in emergency ADAP funding awarded in August 2010). ADAPs need an increase of \$360 million in FY2012. However, due to ongoing federal fiscal concerns, the HIV/AIDS community is advocating for an increase of \$106 million for ADAPs for total funding of \$991 million in FY2012.
- 2. Maintain, restore and increase resources for ADAPs from state governments:** ADAPs have long had a strong state-federal partnership. The federal share of the national ADAP budget has been declining from a high of 68 percent in 2000 to the current share of 45 percent. Over that same time, state revenues for ADAPs have increased to help meet program demands. However, the economic downturn is now forcing states to decrease or eliminate their state support of ADAP as well as other care and treatment programs. In FY2010, states contributed \$346 million, or approximately 19 percent, of the overall ADAP budget. Many local and state coalitions are advocating for state legislatures to increase their current levels of funding in order to sustain current services and help to eliminate access restrictions for eligible clients.

- 3. Continue agreements between ADAPs and pharmaceutical manufacturers to provide financial stability and augment existing agreements, when applicable:** The ADAP Crisis Task Force (ACTF) negotiates with manufacturers for reduced drug prices on behalf of all ADAPs. ACTF membership is currently comprised of representatives from California, Florida, Michigan, New Jersey, New York, North Carolina, Texas and Utah state HIV/AIDS divisions. The ACTF has agreements with 12 manufacturers that produced an estimated savings for ADAPs of \$259 million in FY2009 with a cumulative savings of over \$1.2 billion since 2003.

Federal health care reform (Affordable Care Act), which went into effect in 2010, included an additional price reduction for all drugs for state Medicaid and 340B programs (including ADAP). These mandatory price reductions for all drugs replaced some of the Task Force's existing supplemental discounts/rebates. In light of this change and the growing ADAP fiscal crisis, the ACTF initiated new negotiations with all antiretroviral manufacturers in May 2010. Companies recognized the unique status of ADAPs and the need to provide new supplemental discounts to ensure ADAP prices were below the new lower 340B prices. The new agreements reduced ADAPs' antiretroviral costs by an additional \$160 million annually beginning in July 2010.

As a result of the negotiations in May 2010, the ACTF now has agreements with several companies that expire at the end of December 2013, when the health care landscape will change dramatically due to implementation of the Affordable Care Act.

The ACTF intends to negotiate extensions with the remaining companies whose agreements expire before December 31, 2013 so that all agreements last at least to that date. Further, as agreements expire or when market conditions for specific drugs change, the ACTF will seek additional pricing concessions and price freezes, providing further opportunities for targeted pricing reductions.