



ADAP Crisis Task Force

NASTAD's ADAP Crisis Task Force was formed in December 2002 by a group of state AIDS directors in order to respond to the nationwide fiscal crisis that AIDS Drug Assistance Programs (ADAPs) were facing. The National Alliance of State and Territorial AIDS Directors (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 first meetings, which took place in Washington, DC, in March 2003, was to obtain significant and multi-year concessions on HIV/AIDS drug prices for all ADAPs nationwide.

Following the initial negotiations, agreements were reached with all eight (8) manufacturers. Subsequent to the original agreements, the Task Force continued its work, extending original agreements beyond the initial terms, negotiating with companies when new drugs were approved by the Food and Drug Administration (FDA), and obtaining additional agreements with companies that manufacture medications for HIV-related conditions. The Task Force currently has agreements with 14 manufacturers.

Current members of the Task Force include representatives from California, Florida, Michigan, New Jersey, New York, Texas, and Utah. Representatives from Arizona, Kentucky, Maryland, Massachusetts, and Ohio previously participated in the Task Force as well.

Task Force Background Work

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

Negotiation Principles

- Fiscal crisis of ADAPs – two states have waiting lists as of June 2008 and two have other cost containment strategies in place. State members of the Task Force represent 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 purchase and rebate states)
- No "quid pro quo" arrangements or "strings"
- Minimize "paper" to expedite implementation (e.g., simple two page application form)
- Minimize formulary restrictions, prior authorization, delays in addition of new drugs to formularies, eligibility restrictions, etc.

General Arguments During Negotiations

- Unique status of ADAPs
- Neither entitlements nor health insurers
- ADAPs do not receive the “cost-effective” benefits of HAART (reduced hospitalizations and long term care)
- ADAPs are major purchasers – \$1 billion in 2007
- National crisis due to many years of under funding and huge future need
- ADAPs are lean – few (if any) administrative savings available
- Without savings, eligibility and coverage restrictions and reductions will result
- State by state ADAP crisis reports

Benefits to Companies for Reaching Agreements

- Industry contribution assists 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

- Abbott, Auxillium, Boehringer Ingelheim, Bristol-Myers Squibb, Gilead Sciences, GlaxoSmithKline, Hoffman-LaRoche, Merck, PAR Pharmaceutical, Pfizer, Savient, Schering-Plough, Solvay, Tibotec
- Companies agreed to 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: \$180 million in 2007 – \$605 million cumulative savings since 2003
- Ancillary offers (e.g., free product)

How ADAP Programs Have Assisted Task Force Efforts

- Made ARV formulary coverage dependent upon Task Force negotiations
- Negotiated ARV prices 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

- Continue to coordinate pricing discussions with the Fair Pricing Coalition and other community partners
- Continue to target other high cost drugs and other manufacturers of ADAP medications (non ARV medications)
- Continue to seek other solutions to the ADAP crisis
- Extend existing agreements beyond current expiration dates

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