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Fair Pricing Coalition

Press Release

Fair Pricing Coalition Announces First Results of Campaign to Halt Escalating Prices of HIV Drugs

August 1, 2008, San Francisco CA and Baltimore MD. The Fair Pricing Coalition (FPC), a group of community-based activists formed ten years ago to contain the escalating prices of HIV drugs, announced today the interim results of a campaign aimed at stabilizing prices and reducing the increased burden of drug co-pays on individual patients. This campaign was initiated in response to recent price increases by some companies and the increasing burden of drug cost on HIV positive people and government support programs. Martin Delaney, FPC spokesperson and consultant to the HIV advocacy group Project Inform, said, "We're happy to report today that we've made real progress with a number of the major companies working in HIV and we're optimistic about reaching agreement with the others."

The FPC began working methodically with the HIV drug companies last March, inviting each company to take part in a series of discussions with a team of people representing HIV groups across the country. The Fair Pricing Coalition is the only community based advocacy group dedicated to negotiating drug prices with private industry. The FPC announced today that agreements have been reached with three companies, there are on-going discussions with two others, and the FPC has meetings planned with the remaining major HIV drug makers. Agreements have been completed with Gilead Sciences, GlaxoSmithKline and Merck & Co. regarding their respective products. Discussions remain underway with Bristol-Myers Squibb and Boehringer Ingelheim and are planned with Abbott Laboratories, Hoffman La Roche, Pfizer and Tibotec Therapeutics.

The programs announced today address one or more challenges currently faced by people with HIV trying to gain access to HIV drugs. FPC spokesperson Lynda Dee, also of AIDS Action Baltimore and the AIDS Treatment Activists Coalition explained: "Flat funding is predicted for federal programs, particularly the AIDS Drug Assistance Program (ADAP), despite a growing caseload. Additionally, we know that patients with private insurance are increasingly being hit with higher and higher co-pays for each prescription drug they purchase. These co-pays sometimes cost insured patients more than \$200 each month for a single prescription. This is unacceptable. These new drugs may be saving lives, but they're killing people financially."

Gilead's agreement with the FPC addresses both issues. As it previously announced, Gilead will immediately freeze the price it charges for ADAP programs until December 31, 2010. Additionally, Gilead has created a co-pay assistance program for people with private insurance who use Gilead products. It will cover co-pay costs whenever they exceed \$50 per prescription, up to a maximum of \$200 per prescription.

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GlaxoSmithKline (GSK) assessed the problems faced by patients somewhat differently, focusing more of its efforts on the co-pay problem than the ADAP problem. Though rejecting a price freeze, GSK says it will extend an existing program of voluntary rebates given against the cost of ADAP drugs from its planned expiration date this year until December of 2010. GSK claims that this extension of existing rebates will provide a larger benefit than a price freeze over the same time. However, the FPC pointed out that this is only true if GSK were to eliminate the voluntary rebate program as scheduled, something that many feel was unlikely. GSK's co-pay program seems comprehensive. It will pick up the cost of co-pays from the first dollar up to a maximum of \$100 per prescription. According to GSK, 90% of their HIV consumers have co-pays that will fall within this range.

Merck's program begins with an acceptance of a price freeze for the ADAP program until December of 2010, as requested by the Fair Pricing Coalition. This includes freezing its newest drug at the price charged when it was first launched in 2007, without first taking an annual price increase. This will have the effect of freezing the price charged ADAP for more than three years. Rather than create a separate new program to deal with the high co-pay problem, Merck instead will invite patients who have high co-pays to apply to the company's Patient Assistance Program. Once a patient applies and is accepted, the program will not only eliminate the co-pays, but will also provide the drug free of charge. While there is an income level qualification associated with this program, the Fair Pricing Coalition reports that patients will not be required to verify income levels when applying for the program.

Bristol-Myers Squibb (BMS) and Boehringer Ingelheim have not yet completed their negotiations with the FPC. BMS reports that it already has a program of supplemental voluntary rebates in effect for ADAP through March of 2010 and has expanded its RX Access drug discount program to include HIV anti-viral drugs. Boehringer Ingelheim has already announced a freeze on prices for ADAP.

Martin Delaney of the FPC commented, "We are generally pleased with the initial results of our efforts. So far, each company either has responded with a concrete program addressing our concerns or is still in the process of negotiating with us. No company has flatly refused to address our concerns over runaway price increases. This is a tribute to the value of having open, ongoing discussions with drug companies. It does little good to simply complain about these important issues. We expect that all the companies will take steps to help address the burdens experienced by government assistance programs and the costs being passed on to individuals by private insurers. Any company that fails to do so is going to stick out like a sore thumb."

Still, the FPC says that it has two concerns that have yet to be resolved. No company has yet come up with a concrete plan to help Medicare Part D patients, many of whom enter the coverage gap in the second month of the plan year and cannot afford their drugs during the gap. For a variety of reasons, these programs do not help people in this situation. Second, the FPC remains frustrated by the unwillingness of companies to simply accept a broad freeze on wholesale prices, which would benefit all groups.

Lynda Dee commented, "We realize that the concessions we've sought can cost in the tens of millions of dollars and understand what that means to a company. We don't want to discourage companies from working in AIDS research. Nevertheless, companies also have to understand how prices, co-pays and price increases affect payers and individual people with HIV. We'd still like to see a voluntary, across the board freeze on all prices, but there's real value in what's been agreed to thus far." With an eye to the future, Lynda Dee concluded, "This is an excellent start. It's not perfect, but each company seems to have its own way of addressing these issues. As long as the patient community actually benefits from the outcome, I am satisfied. The companies that have not yet settled would do well to follow the example of the companies with whom we have completed our negotiations. We're willing to be flexible but we expect them to at least match what has been agreed to by these companies so far."

The Fair Pricing Coalition is an ad hoc group of community-based activists who work on drug pricing issues with pharmaceutical companies in the field of HIV/AIDS and hepatitis. A much larger group of AIDS and hepatitis organizations and concerned individuals participate in the FPC through consensus statements and petitions. The overall goal of the Fair Pricing Coalition is to stop the upward creep in the cost of drugs.

The core group of the FPC consists of experienced activists, all of whom wear multiple hats and typically speak for their own parent organizations as well as on behalf of the FPC. Many are also members of ATAC (the AIDS Treatment Activists Coalition) and some are people who advocate on behalf of federal support programs, such as the AIDS Drug Assistance Program (ADAP). Some members are physicians who speak on behalf of providers. Almost all are members of various community advisory boards and non-profit organizations that meet with the pharmaceutical industry on a range of topics. The focus of the FPC is drug pricing and how it affects patients, public and private payers, and providers. The core group meets with and coordinates discussions over pricing with individual pharmaceutical companies.

The FPC 2008 Price Freeze team includes:

Martin Delaney, FPC, Project Inform, ATAC
Lynda Dee, AIDS Action Baltimore, ATAC
Bill Arnold, TIICann
Jeff Berry, Test Positive Aware Network, ATAC
Gene Copello, The AIDS Institute
Lanny Cross, consultant to NASTAD
Paul Dalton, Project Inform
Anne Donnelly, Project Inform
Murray Penner, NASTAD