



## **AIDS Drug Assistance Programs Drug Pricing**

AIDS Drug Assistance Programs (ADAPs) purchase medications for clients in their programs at discounted prices. ADAPs are eligible entities and are all enrolled under the federal 340B program. Participation in 340B ensures ADAPs are able to purchase drugs at a ceiling price, which is a minimum discount of 15.1% of Average Manufacturer's Price (AMP) for brand name drugs. The 340B discount calculation also incorporates protection against drug costs rising faster than the rate of inflation in the Consumer Price Index-Urban (CPI-U), and guarantees the price will be less than any price (Best Price) to the private sector. Approximately half of the ADAPs utilize a pharmacy network, and are allowed to access the 340B discount through a rebate option that uses the same pricing calculations and procedures as the federally required rebates to Medicaid.

The ADAP Crisis Task Force (ACTF) negotiates with pharmaceutical manufacturers with a goal of reducing drug prices for all ADAPs. The ACTF was formed in December 2002 to obtain significant and multi-year, sub-340B concessions on HIV/AIDS drug prices for all ADAPs. Agreements were quickly reached with all eight of the manufacturers of HIV antiretroviral (ARV) drugs. The Task Force has continued its work, extending the original agreements as well as negotiating when new drugs have been approved by the Food and Drug Administration (FDA). Additional agreements with companies that manufacture medications for HIV-related conditions have also been secured. Agreements with manufacturers have produced an estimated cumulative savings of \$1 billion from 2003 to 2009. Membership is currently comprised of representatives from California, Florida, Michigan, New Jersey, New York, North Carolina, Texas and Utah state HIV/AIDS divisions.

An analysis of pricing of the 13 HIV antiretrovirals with the highest expenditures in ADAP was performed in December 2009. The analysis compared the ADAP price of those drugs to: the most visible and public price (Average Wholesaler Price - AWP) for those drugs in the United States; the price of those drugs available to eligible entities under the federal 340B program; and the price of those drugs in three European countries (Germany, France and Spain) with universal health care and governmental drug pricing controls. The ADAP price during the 4th Quarter of 2009 for the basket of HIV antiretrovirals drugs was: 56.3 percent less than the AWP price; 34.9 percent less than the lowest European price; and 12.6 percent less than the price available to eligible entities in the 340B program.

The ACTF recognizes the pharmaceutical industry as partners in providing access to drugs for the uninsured HIV population. Industry recognizes that ADAPs are unique entities: they are neither government entitlement programs, nor private insurers, and thus have no control of revenues; and ADAPs do not receive the cost benefit of drugs through reductions in hospitalizations and other costly care. In recognition of the current fiscal crisis facing ADAPs

and the resultant rapidly expanding waiting lists across the country, the ACTF is currently in the process of requesting ARV manufacturers to: provide a temporary financial bridge to a reformed national health system for ADAPs; provide protection to ADAPs against rising drug prices; and to work toward standardization of company Patient Assistance Programs application forms and procedures and to expedite the processing of individuals on ADAP wait lists.

The Task Force currently has agreements with 13 manufacturers for supplemental discounts/rebates in addition to those available under the 340B program.<sup>1</sup> The Task Force has also reached agreement with companies for price freezes, or other limitations on increases, as well as free treatment slots for ADAP clients. All agreements have been designed to provide the necessary flexibility which allows all ADAPs, regardless of their drug purchasing and distribution systems, to benefit equally. This is a critical feature, since each ADAP has evolved uniquely, taking into account existing state health care infrastructure and programs, and finding innovative and efficient ways to interface with an increasingly fragmented health care system.

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<sup>1</sup> Agreements have been negotiated with the following manufacturers: Abbott, Auxillium, Boehringer-Ingelheim, Bristol-Myers Squibb, Gilead Sciences, GlaxoSmithKline/ Pfizer (ViiV), Genentech/Roche, Merck/Schering-Plough, PAR Pharmaceutical, Savient, Solvay, and Tibotec.