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## HEALTH

# States Win AIDS-Drugs Discounts

**By Joining Forces With Companies,  
Officials Save \$65 Million Annually**

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State health officials have won about \$65 million in annual price concessions for AIDS treatments from drug makers after banding together to increase their negotiating clout.

The initiative, which involved more than four months of negotiations, marks the first time that all 56 state and territorial AIDS drug-assistance programs have joined forces in their talks with manufacturers. Drug makers have traditionally offered some discounts on AIDS treatments to the programs, but the deals have been struck largely on a state-by-state basis.

With many AIDS drug-assistance programs struggling with budget shortfalls and escalating drug costs, however, the programs decided to increase their leverage by coming together.

"Companies felt a lot more pressure to step up to the plate and bring something meaningful to the talks," said Murray Penner, director of care and treatment programs at the National Alliance of State and Territorial AIDS Directors.

The AIDS drug-assistance programs are state-run but largely federally funded efforts that provide drugs to low-income people who lack insurance. About 84,000 patients, or one-third of the U.S. market for AIDS drugs, get medications through such programs, at a total cost of about \$850 million a year.

Money always has been short at the AIDS-drug programs. But state budget crunches and the introduction of new, more expensive treatments, such as Roche Holding AG's \$20,000-a-year drug Fuzeon, threaten to worsen their fiscal troubles. Hundreds of patients already are on waiting lists for drug assistance in several states, and many programs have capped enrollment or the number of drugs they provide.

Companies that reached agreements with the state programs include **Pfizer Inc.**, **GlaxoSmithKline PLC**, **Merck & Co.**, **Abbott Laboratories**, Roche, Boehringer Ingelheim GmbH, **Gilead Sciences Inc.** and **Bristol-Myers Squibb Co.**

To avoid antitrust issues, state officials met with the companies individually. For competitive reasons, the companies and the program directors agreed not to divulge price details for specific treatments. But the discounts, rebates and price freezes that were negotiated cover dozens of the most commonly used AIDS drugs, not just new medicines.

Roche, which is offering discounts on six AIDS treatments and related drugs provided through the programs, declined to say how much of a discount it is giving on Fuzeon. Because of the novel way it attacks the AIDS virus, the new drug has been seen as a lifeline for patients who no longer respond to other treatments. But its average wholesale price of \$20,000 is more than double that of the next-costliest treatments, prompting many programs to offer it in only limited quantities.

So far, 22 state programs have added or plan to add Fuzeon to their drug formularies, and Roche is continuing negotiations to have the drug added to other state programs, the company said.

The final company to come to an agreement with the programs was Bristol-Myers Squibb. The drug maker said its agreement provides as much as \$35 million in cost savings over 20 months and covers its five main AIDS-related treatments, including its new protease inhibitor Reyataz.

Despite the company price discounts, the AIDS drug-assistance programs face a tough battle in securing more federal funding. The programs argue that they need another \$282 million over the 2004 fiscal year to prevent waiting lists from growing or adding more restrictions. "But budget talks in Congress so far call for adding only \$25 million to \$38 million to the \$714 million in 2003 federal funding."

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