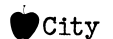
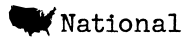


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Delayed Omnibus Federal Spending Bill Contains Cuts for Domestic HIV/AIDS Programs

 WASHINGTON — The first session of the 108th Congress adjourned last week without final action on the federal budget for the fiscal year that began October 1, 2003. The House of Representatives passed the \$820 billion Consolidated Appropriations Act on December 8. Even with strong pressure from White House officials, Senate Majority Leader Bill Frist was unable to get the Senate to go along with a voice vote on a 1,000-plus-page bill that few Senators had had a chance to review. The Senate will resume consideration of the spending bill when it returns in January.

Nearly all of the focus on HIV/AIDS funding within the omnibus bill has been on the \$2.4 billion appropriated for global AIDS, including first-year funding for President Bush's much touted five-year global AIDS initiative. Overlooked are the cuts in funding for important domestic HIV/AIDS programs. The bill "flat funds" spending for Title I of the Ryan White Care Act at the FY 2003 amount and "flat funds" spending for domestic HIV prevention programs operated by the federal Centers for Disease Control and Prevention (CDC). The bill, however, also calls for an across-the-board cut of 0.59% for all spending. This means that Title I funds will be cut by \$3.65 million and domestic HIV prevention programs will lose \$4.1 million.

While it is below the \$3 billion authorized by Congress in legislation passed earlier this year, the \$2.4 billion allocated for global AIDS is commendable. It definitely is not commendable, however, to pair that funding with a reduction for two of the most critical areas in the domestic fight response to HIV/AIDS. Programs and services funded under Title I of the CARE Act have become the virtual lifeline for people living with HIV/AIDS in New York City and across the country. HIV prevention programs are vital to addressing the continued transmission of HIV, especially among women of color and gay and bisexual men, including young gay men of color. The United States must show leadership in the funding of the global response to AIDS. Doing the right thing for global AIDS should not be a smoke screen for shortchanging the domestic fight against AIDS. It is important that the cuts in funding for domestic HIV/AIDS programs are reversed when the Senate returns in January.

Medicare Reformed: One Step Forward, Two Steps Back for AIDS Care

 The legislation, passed by Congress and signed by President Bush, to add drugs to Medicare represents a major step backward in the battle to end the AIDS pandemic and care for those who are most affected. In addition, the bill leaves a gaping hole in the patchwork coverage quilt that keeps people

living with HIV/AIDS alive. The most direct impact is on the 50,000 HIV+ Medicare beneficiaries who obtain drug access through Medicaid. These so-called "dual eligibles" get coverage through both programs. Under the bill, cash-strapped state Medicaid programs will require dually eligible individuals to get drug coverage under Medicare. While this may provide some minimal fiscal relief to states, the result is less access for HIV+ beneficiaries because of the inadequacies of the Medicare drug benefit.

Another drawback of the new law is that new privately administered Medicare benefit will utilize formularies that limit access to only two drugs per "class" of drugs. This provision is especially troubling, given that state-of-the-art HIV/AIDS therapy requires direct access to all HIV drugs in that class. Further, the new Medicare benefit will require beneficiaries to pay thousands of dollars from their own pocket for premiums, co-payments, deductibles and the "donut hole." Medicaid programs will be prohibited from using federal dollars to close these gaps in coverage, as they currently do. It is an extreme irony that a movement to add a drug benefit to Medicare results in a loss for dually eligible men and women who cannot live without access to pharmaceuticals.

In the final analysis, the big winners are the pharmaceutical and insurance industries and the political establishment. The losers, who were

sold a bill of goods, are America's low-income populations living with HIV/AIDS and other disabilities, men and women of color, who are disproportionately impacted by the twin epidemics of poverty and disease, and a large percentage of senior citizens.

State Senate Proposal to Cut Medicaid Expected

ALBANY — The stage is being set for what has become the annual battle over whether and how to cut New York State's Medicaid program. While the detailed proposal has not been made public, State Senate Majority Leader Joseph Bruno has announced that Medicaid will be on the chopping block in the upcoming legislative session. Senator Bruno stated his intentions in advance of recommendations from his own Medicaid "reform" task force. Those recommendations are expected to be released next week, in the quiet days before the holiday seasons. Given Senator Bruno's comments, it appears that the Task Force's purpose was to provide a reformist rationale and cover to the already-made determination to cut Medicaid. For State Fiscal Year 2004-05, the Governor, who also has a committee that will be making recommendations on Medicaid, is expected again to include proposals in his budget proposal for the next fiscal year that would deeply cut the program.

Medicaid is the single largest payer of health care for people living with HIV/AIDS in New York State. There were "0" representatives from the HIV/AIDS community on Senator Bruno's Task Force. The community will need to pay close attention to proposals that will reduce costs by cutting back on life-saving benefits for low-income individuals, including people living with HIV/AIDS.

Happy Holidays: Abbott Boosts Price of Norvir (Ritonavir)

NEW YORK — For several years increasing prices for prescription drugs have been the primary engine driving up the cost of health care overall. The upward spiraling of health care costs occurs to a large degree because of the absence of a governmental policy on drug price control. We recently received a stark reminder of this situation. In a startling move, coming two days after World AIDS Day, Abbott Laboratories announced a fivefold price increase for its HIV drug, ritonavir (Norvir). Although originally developed as a protease inhibitor in its own right, Norvir is now used mostly as a drug to "boost" blood levels of other protease inhibitors, making them more potent and better able to overcome drug resistance. The use of Norvir as a booster is of particular consideration for treatment-experienced or "salvage" patients with few or no remaining treatment options. Norvir is also a key component of Abbott's popular protease inhibitor, Kaletra.

The Norvir price increase only affects the 100 mg capsule used for boosting. However, the cost for people living with HIV is incalculable. This effectively will double the price of some boosted protease inhibitor regimens. The price of Kaletra, however, is unchanged, which means that it will enjoy a price advantage in the market. Although negotiated prices for state AIDS Drug Assistance Programs are frozen at current levels until 2005, prices negotiated after that time will be subject to this dramatic price increase. Access to regimens that use Norvir as a booster will probably be affected. Indeed, Abbott has modified its patient assistance program so that patients needing Norvir can get the

drug more easily. However, this does not address the more important question of what will happen when third-party insurers begin to face footing the bill for boosted regimens that will be much more expensive than Kaletra. Will formulary restrictions be applied? Also, will the higher cost of Norvir lead to abandoning research on promising salvage therapies that require boosting with Norvir?

What Abbott has done is unconscionable and surely will go down in the history of the AIDS epidemic as one of the worst examples of price manipulation and blindsiding of people living with HIV/AIDS, especially those with limited treatment options who need boosted protease inhibitor therapy.

What is equally unconscionable is the failure of the federal government to address the need for drug price control policies. Enactment of the new Medicare bill gave Abbott the opportunity to markedly increase its prices, based on the bill's provision that restricts the federal government from negotiating lower prescription drug prices.

Call the office of Abbott CEO Miles White (847-937-6100) and let Abbott know how you feel about their 500% increase on the price of Norvir.

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