

Drug Development Committee

RE: NORVIR PRICE INCREASE – BOYCOTT ABBOTT

Dear HIV Treating Clinician:

I am writing on behalf of the Drug Development Committee (DDC) of the AIDS Treatment Activist Coalition (ATAC) in response to Abbott's recent letter to physicians regarding its 400% price increase of Norvir. ATAC is a national coalition of AIDS activists, working together to end the AIDS epidemic. ATAC's Drug Development Committee (DDC) works with government, academia and Industry to provide a community perspective to the development of new HIV drugs and the utilization of HIV therapies.

Abbott representatives would have you believe that they "hear and understand your issues and share your concern". We submit that a 400% price increase only benefits Abbott and its bottom line. It is unconscionable to raise the price of Norvir from $2.14 per 100mg pill to $10.72 per 100mg pill given the financial crisis looming over our nation's healthcare systems.

Abbott claims that approximately 40% of people with HIV have private health insurance and will not be impacted by the increase; and, they insist that only 10% of these patients pay for a percentage of prescription costs or have out of pocket maximums. They also say they have contacted many private insurance carriers and claim few have restrictive drug formularies yet. Their letter mentions only two carriers. Abbott also predicts that insurance carriers will not increase co-pays or premiums based on this 400% increase.

We ask you to compare these statements with your own experience. What is your personal experience with the insurance companies you deal with in your work? Are your prescribing practices limited by restrictive formularies? Are your patients facing increasing premiums, co-pays and lifetime maximums? Are the health insurance carriers you deal with covering more services or fewer services? What kind of hoops do you have to jump through to ensure that services and procedures are covered for your patients? In your experience, are insurance premiums increasing or decreasing? How much of your time is spent dealing with these impediments to providing quality healthcare? Abbott's misinformation machine would have you believe that this 400% price increase is being covered by some limitless fund in the sky. Experience tells us that we pay for everything one way or the other.

Abbott says that it is not raising Norvir prices for either Medicaid or AIDS Drug Assistance Programs (ADAPs). This is because Abbott is not able to raise the price of Norvir in these instances. Regarding Medicaid, federal law prohibits companies from

ordering price increases that are greater than approximately 3% percent over the medical inflationary rate without providing rebates. With respect to ADAPs, Abbott has contractually agreed to a Norvir price freeze until 2005. We're wondering just how much Abbott intends to raise ADAP prices in 2005 if it has no qualms about currently increasing the private payer price of Norvir by 400%.

Abbott also claims that it will make Norvir immediately available to all people without prescription drug coverage or public assistance. We have requested that Abbott disclose the number of people that have received Norvir via its Patient Assistance Program (PAP), and exactly how long it has taken for them to access the drug, as well as how many people are waiting to receive Norvir. We will continue to monitor the Abbott PAP as we fear that Norvir PAP access may also be limited and more restricted in the future.

Abbott uses the tired, old argument that price increases are needed to cover the cost of new HIV research and development. First of all, what next generation drugs is Abbott testing? Does a new, more stable Norvir formulation qualify as a next generation HIV medication, or will it merely serve to extend Abbott's Norvir patent rights? What have they been doing with Norvir profits since it came to market in 1996? Pre-clinical development of Norvir was funded by a NIAID grant, not by Abbott. FDA full approval of Norvir was based on three clinical trials in a mere 1,583 patients, less than 30% of the usual number of patients generally used for big pharma drug approvals according to Tufts University. Moreover, Norvir development time was extremely short in relation to other approved drugs. It was marketed only four years after Abbott received the NIAID pre-clinical grant and one year after key patents were filed. No pivotal trials lasted more than 48 weeks and FDA approval was expedited and granted within 70 days of its NDA filing. All these factors prove that Norvir was a relatively inexpensive drug to develop.

As luck would have it, Abbott was able to overcome the marketing ramifications of Norvir's horrific side effect profile because it is now primarily used as a protease inhibitor (PI) "booster". As such, Norvir dosing is greatly reduced in most instances, resulting in significantly reduced side effects. Thus, Norvir was able to maintain its market share, unlike many older HIV antivirals. Again, the federal government has been the main investor in new Norvir trials, including "boosting" trials. Of the 26 Norvir trials listed in the NIH CRISP database, 12 are government sponsored. Four are sponsored by other drug companies. Only one is sponsored by Abbott.

Moreover, Norvir generated cumulative sales of more than $1 billion by 2001. Even without a price increase, reasonable estimates indicate that Norvir will generate more than $2 billion in sales over the next ten years as a result of its "boosting" properties. Instead of losing its initial market edge like other HIV drugs, Norvir continues to generate profits for Abbott. This is to say nothing of what Norvir's price increase will do to Abbott's competitor's that need Norvir to "boost" their products for salvage regimens. BMS' newly approved Reyataz and GSK's newly approved Lexiva may be priced out of the market as a result of this 400% increase increase. This will negatively affect patients who have burned through older therapies, the very people who need these new drugs the most.

This will also have a chilling effect on future HIV research, again most negatively impacting salvage patients. For instance, tipranavir, which is the new protease inhibitor being developed by Boehringer-Ingelheim, is useless without a 400mg Norvir "boost". This 400% Norvir price increase just increased the price of this combination by $15,000 annually. Is Abbott's agenda to ensure that other companies will be excluded from developing new salvage regimens? Of course, the price of Abbott's Norvir "boosted" protease inhibitor Kaletra remains untouched. Are they counting on financially strapped third-party payers to include only Kaletra on their formularies? This 400% price increase is tantamount to holding the HIV marketplace hostage to Abbott profits. This is nothing less than pharma terrorism.

A free market and fair competition has made the American pharmaceutical Industry a worldwide giant for better or worse. Is it the American way of business for the taxpayer to foot the bill and incur all the risk associated with drug development, while pharma giants reap all the profits and freeze competitors from the marketplace? We urge you not to believe Abbott's Machiavellian misinformation. We also hope you will follow the example of physicians in both the United States and Europe. Dr. Graeme Moyle of the Chelsea and Westminster Hospital in the United Kingdom recently said, "Physicians are looking at ways we can bring our discontent home to Abbott, including talking to our formulary committees and other physicians about limiting the use of all Abbott drugs and diagnostics and where feasible substituting alternative agents." AAHIVM member Benjamin Young, MD, PhD. has also condemned this unprecedented price increase. He is refusing to have office meetings with Abbott personnel, attend any Abbott related advisory program, use any Abbott produced educational material, or provide support to Abbott-sponsored clinical research. Dr. Young is also urging AAHIVM members and other physicians to do the same.

We urge you to consider boycotting Abbott drugs and diagnostics when it does not present a risk to patient safety and to express your discontent with your local formulary committees. We also hope you will follow Dr. Young's lead and refuse to work with Abbott or meet with Abbott marketing personnel until they have rolled back the price of Norvir, completely disavowing any new price increase. Please assist the AIDS affected community in moving this pharmaceutical giant to reconsider its outrageous price increase. You will find our letter to Abbott CEO Miles White at ATAC-USA.org. You may also reach Miles White at Abbott Laboratories, 100 Abbott Park, Illinois 60064-3500, 849-937-6100, or miles.white@abbott.com We thank you for your work, time, efforts and advocacy on behalf of the HIV/AIDS community.

Very truly yours,

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