A Bitter Pill

Even if you haven't swallowed the cost of Abbott's massive Norvir markup, you could still end up paying - dearly.

January 1, 2005 By Tim Murphy

Hands down, 2004's top AIDS story was the bare-knuckled fight for the White House pitting Kerry's progressive proposals (and voting record) against Bush's morally bankrupt prevention and funding policies. Put that melee aside, though, and the year's most important event was, by far, the protracted battle between AIDS advocates and drugmaker Abbott. In December 2003, the company jacked up the price of its protease inhibitor (PI) Norvir (ritonavir) by 400 percent, from $54 to $265 a month. Abbott effectively won the ensuing brawl, and although the markup has hit very few HIVers directly, it has fueled a broader national anxiety as potentially catastrophic as Bush's reelection: The United States imposes no government controls on drug pricing, so companies with the cunning and the gall can stand down the most outraged patients—and get away with murder.

First, the backstory: A few years ago, just when Norvir's heavy side effects were dooming it to obscurity, it was discovered that a mere sixth of the regular dose greatly boosted the power of other PIs. No other drug does this so well, and Abbott has consistently defended its near quintupling of the cost of the booster dose by saying it reflects the drug's new value. But add that to the cost of other PIs, such as Bristol-Myers Squibb's Reyataz, and they near $1,000 a month—except for Abbott's own Kaletra, which comes with Norvir built into it and whose $580 price tag Abbott left untouched. The company went out of its way to sugarcoat the hike by retaining Norvir's old price for cash-strapped AIDS Drug Assistance Programs (ADAPs) and Medicaids and by beefing up its charity programs, "ensuring that patients had access to Norvir, given this pricing," says Abbott rep Heather Mason. The huge jump in the actual price would largely be absorbed by private health plans.

Advocates were unmoved. Enraged by one of the highest markups in pharmaceutical history and fearful that Abbott aimed to create a Kaletra monopoly by pricing other boosted PIs out of the market, they slammed Abbott with lawsuits and public protests. The outrage extended beyond the AIDS community: Consumer advocates asked the National Institutes of Health (NIH) for permission to make a low-cost generic version of the drug; hundreds of HIV doctors barred Abbott sales reps from their offices; two state attorneys general investigated the monopoly charges; a bipartisan Congressional group asked the Federal Trade Commission to do the same; and the *New York Times* put the story on the front page. Abbott was stunned. "We did not anticipate how strong the community would come back at us," says Mason.

Nonetheless, Abbott wouldn't budge, and, bit by bit, the unprecedented full-court press against it evaporated. One plaintiff, the insurer Aetna, dropped its suit the day after filing (because Abbott is a major Aetna customer, some speculated). Another, the AIDS Healthcare Foundation, settled with Abbott for an undisclosed sum. The FTC declined looking into the case. And though the investigations and a few suits are pending (with most observers predicting that they'll be resolved in Abbott's favor), the best hope for recourse fizzled in early August, when the NIH upheld Abbott's patent because Norvir still appeared accessible to all who needed it—and because pricing was "appropriately left for Congress to address."

How did it all go so wrong? Longtime HIVer Matt Sharp of the AIDS Treatment Activists Coalition says, "Abbott crafted a very slick opportunity" by exploiting Norvir's unique PI-booster position in the marketplace. What's more, he explains, "Abbott was very sly about the way that this has not impacted any person living with HIV in 2004." Sharp adds that activists had in recent years fallen out of touch with Abbott execs, missing the chance to let them know such a hike would provoke major retaliation. "We should have known better, given that Norvir was being used in such a [valuable] capacity. Maybe we fell asleep for a moment," says Sharp, noting that Norvir's crucial role made a boycott of the drug impossible. "Abbott has us by the balls," he says.

The impact may go beyond this one drug. "It establishes a precedent that price increases of this magnitude will be accepted by the U.S. population and the government," says Ben Young, MD, among the HIV doctors who rebuffed Abbott over the hike. Last fall, some 200 AIDS groups signed a letter to the makers of HIV meds asking them to permanently freeze U.S. prices. But if Abbott was able to stave off an activist stampede, will the other drugmakers feel obliged to forego their routine cost increases of 5 to 10 percent (or perhaps more) every year or so? Says Marcia Angell, MD, author of the bestseller *The Truth About the Drug Companies*, "That's what investor-owned businesses do—maximize profits. The problem is that they are permitted to do so."

And let's not be so sure that HIVers won't feel the Norvir markup. Some health plans require members to pay a percentage of a drug's cost: One suit against Abbott involves a Wisconsin HIVer whose monthly out-of-pocket for Norvir has jumped from $22 to $110. Plus, many speculate that the Norvir price freeze for ADAP and Medicaid won't apply to Abbott's forthcoming, supposedly easier-to-take version of the drug—leaving enrollees in the poorest ADAPs and Medicaids with older Norvir. (Mason wouldn't comment on the matter.)

If there's a silver lining to this troubling story of the year, it's that it has played a high-profile role in stoking public anger over the ever-rising price of prescription drugs—even lifesavers like Norvir. Never mind that four more years of Bush and his deregulatory kind likely will secure pharma's staggering profit margins. Eventually, says James Love, who brought Abbott before its bedfellows at the NIH, something will have to give. "We can't spend the next 20 years with drug prices getting higher and higher," he says. "There's a limit on how much payers will spend to keep anyone alive."

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