Negotiating a Fair Price for the Norvir Tablet

Abbott is gearing up to release its long-awaited Norvir (ritonavir) tablet. The company states that it will negotiate the price—which has not yet been announced—in good faith. Nonetheless, the Fair Pricing Coalition is already engaged in a vigilant campaign to ensure affordable access to all.

June 23, 2009 By David Evans

Abbott, the maker of two HIV drugs, Novir (ritonavir) and Kaletra (lopinavir/ritonavir), has become the focus of community concerns about pricing again. This fall, the company will launch a new tablet formulation of Norvir that doesn't require refrigeration and may cause fewer gut-related side effects, two downsides of the current capsule formulation.

Activists are already worried about the new drug's price, however. Their concern stems from Abbott's decision, in December 2003, to raise the price of Norvir by 400 percent. Virtually overnight, the Norvir price for a lower dose used to boost the blood levels of other protease inhibitors increased from $54 per month to $265 per month—the per-patient wholesale price of the drug.

The move caused a huge uproar among the community and health care providers. An investigative report by The Wall Street Journal in January 2007, which was based on internal memos from Abbott that were released during a law suit against the company, revealed that the price increase was primarily a marketing tactic. The aim was to make other protease inhibitors—notably the increasingly popular Reyataz, commonly used with a low boosting dose of Norvir—less attractive and to maintain the popularity of Kaletra (the price of which did not increase, even though it contains Norvir). In turn, activists are wary of Abbott's pricing intentions with the new Norvir formulation.

Specifically, the Fair Pricing Coalition (FPC)—a group of HIV/AIDS treatment activists—has issued a letter to the CEO of Abbott, asking that the company not raise the overall price when it launches the new formulation and to ensure that government programs retain the deep discounts they now receive for Norvir. The FPC is encouraging organizations, health care providers and individuals to view and sign on to the letter by June 26.

The FPC is hoping to discuss pricing issues with Abbott at the end of June. So why issue the letter now, when negotiations haven't even begun? "We're trying to make the public aware that these

changes are about to happen, and we want to convince Abbott to play fair," explains Lynda Dee, one of the founders of the FPC and executive director of AIDS Action Baltimore. "We have a long history with them. What makes us think they'll play nice-nice with us this time?"

What Is at Stake?

Medicaid and AIDS Drug Assistance Programs (ADAPs) have remained protected from the 400 percent price increase so far. That's because federal law dictates that companies can't raise the prices of drugs already on the market any more than a certain percentage for those programs.

The release of a new version of Norvir will be seen as a brand new drug in the eyes of the law, however. As a result, Abbott could potentially charge ADAPs and Medicaid programs a much higher price. According to the FPC, a new version of Norvir could potentially mean a 1,000 percent cost increase for these federal- and state-funded programs, costing them more than $50 million in additional costs per year for Norvir alone.

With the economy hurting, and states like Arizona and California already cutting deep into their ADAP and Medicaid budgets for next year, such programs can ill afford such a steep cost increase. Private insurance companies are also feeling the pinch of higher drug costs. To compensate, they've been passing the increasing costs on to their policyholders in the form of monthly premium increases, higher deductibles and deep-pocket drug co-payments.

Abbott recently launched a co-pay program for its protease inhibitor, Kaletra. It covers the first $50 of a person's Kaletra co-payment each month and an additional $100 toward the other drugs in his or her regimen. The company does not currently have a co-pay program in place for Norvir, however, which is another factor that has caused consternation and mistrust among some FPC members.

Jeff Berry, the director of publications for Test Positive Aware Network in Chicago, is concerned about the lack of a Norvir co-pay program, not only as a member of the FPC, but also as someone dealing with medication issues. "Right now I'm on Kaletra. If it turns out I have to switch my regimen to another protease-based regimen, and I need to use Norvir, then I'll have to pay much higher co-pays, because Norvir isn't included in their co-pay program."

Abbott declined to comment on any of the specific accusations and concerns in the sign-on letter. It did, however, provide AIDSmeds with an official statement. "Abbott has successfully worked with the Fair Pricing Coalition in the past several years, resulting in responsible pricing," the statement said. "In fact, Abbott has not taken a price increase on Kaletra since October 2007. We look forward to communicating with the FPC in good faith, on the new Norvir tablet, as we did with the Kaletra tablet in 2006."

While this response doesn't satisfy some FPC members, they are hoping that it signals a willingness on the part of Abbott to hear community concerns. "There's been some bad blood in the past," Berry says, "but I think there's a good opportunity for the FPC and Abbott to work together to ensure that the new Norvir formulation is priced appropriately, so that there is the

broadest access for the most people who need that drug, which is pretty much everyone on a protease inhibitor.”

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