



# NEWS RELEASE

**FOR IMMEDIATE RELEASE**

April 8, 2011

Contact: Joe DeAnda/916.653.2995

## **Treasurer Lockyer Seeks Extension of Special Pricing Agreement with Pharmaceutical Companies for AIDS Drugs in State Program**

SACRAMENTO – State Treasurer Bill Lockyer today urged eight pharmaceutical companies participating in California’s AIDS Drug Assistance Program (ADAP) to extend existing agreements to provide supplemental price reductions and rebates for patients as a result of budget cuts to the program.

In letters dated April 6, Lockyer thanked the firms for entering into agreements last year as the state’s ADAP faced growing drug prices and reduced general fund dollars flowing to the program, and urged them to extend special pricing as California’s fiscal woes continue.

“California is faced with triaging health care services for all Californians,” Lockyer said in the letters. “Much of that effort is probably unavoidable given the depth of the state’s budget deficit. However, it is critical that the state find cost reductions and avoidance wherever possible so that we can minimize the harm to the health of California. This includes achieving the greatest possible cost savings on drugs – the primary expense of the ADAP program.”

The letters were sent to Abbott Laboratories, Boehringer Ingelheim Pharmaceuticals, Inc., Bristol-Meyers Squibb, Genentech, Inc., Gilead Sciences, Merck & Co., Tibotec Therapeutics, and VIIV Healthcare.

In calling for price reductions, Lockyer noted the increasing cost of AIDS drugs and its effect on the number of people who can be served using existing ADAP funds. But he also acknowledged the need for pharmaceutical company profits to help fund research for the next wave of AIDS drugs and advocated a balance between the two objectives.

California’s ADAP program is the largest in the nation and has experienced a 257% increase in AIDS drug spending since 2000, more than three times the rate of client growth over this same period. This sharp increase is a result of higher prices for newer AIDS drugs.

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**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Miles D. White, CEO  
Abbott Laboratories  
100 Abbott Park Road  
Abbott Park, IL 60064

Dear Mr. White:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Abbott stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

California is faced with triaging health care services for all Californians. Much of that effort is probably unavoidable given the depth of the state's budget deficit. However, it is critical that the state find cost reductions and avoidance wherever possible so that we can minimize the harm to the health of California. This includes achieving the greatest possible cost savings on drugs – the primary expense of the ADAP program.

Year in and year out, the increasing cost of AIDS drugs has limited the number of people who can be served using existing ADAP funds. For example, California's ADAP program (the largest in the nation) has experienced a 257% increase in AIDS drug spending since 2000, more than three times the rate of client growth over this same period. This sharp increase is a result of higher prices for newer AIDS drugs, such as Abbott's Kaletra, which costs over \$10,000 per patient per year.

Miles D. White, CEO

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These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

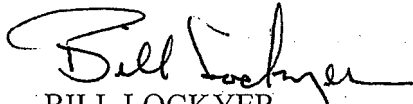
I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer and Board Member for CalSTRS and CalPERS, both of which are substantial shareholders in your company, I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Abbott will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,

  
BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

J. Martin Carroll, CEO  
Boehringer Ingelheim Pharmaceuticals, Inc.  
900 Ridgebury Road  
Ridgefield, CT 06877

Dear Mr. Carroll:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs.

Boehringer Ingelheim stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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J. Martin Carroll, CEO

April 6, 2011

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three times the rate of client growth over this same period. This sharp increase is a result of higher prices for newer AIDS drugs, such as Boehringer's Aptivus, which costs over \$14,600 per patient per year.

These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Boehringer Ingelheim will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,

  
BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Richard T. Clark, CEO  
Merck & Co.  
P.O. Box 100  
One Merck Drive  
Whitehouse Station, NJ 08889

Dear Mr. Clark:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Merck stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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Richard T. Clark, CEO

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higher prices for newer AIDS drugs, such as Merck's Isentress, which costs over \$13,400 per patient per year.

These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

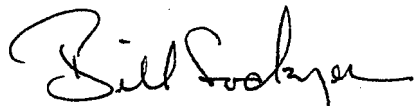
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As California State Treasurer and Board Member for CalSTRS and CalPERS, both of which are substantial shareholders in your company, I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Merck will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,



BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Glenn Mattes, President  
Tibotec Therapeutics  
1125 Trenton-Harbourton Road  
Titusville, NJ 08560

Dear Mr. Mattes:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Tibotec stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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Glenn Mattes, President

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higher prices for newer AIDS drugs, such as Tibotec's Prezista, which costs over \$13,200 per patient per year.

These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

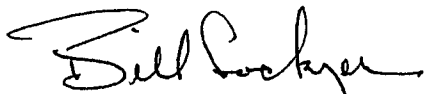
I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer and Board Member for CalSTRS and CalPERS, both of which are substantial shareholders in your company, I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Tibotec will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Bill Lockyer". The signature is written in a cursive style with a large, sweeping initial "B".

BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Lamberto Andreotti, CEO  
Bristol-Myers Squibb  
345 Park Ave  
New York, NY 10154-0037

Dear Mr. Andreotti:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Bristol-Myers Squibb stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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Lamberto Andreotti, CEO

April 6, 2011

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higher prices for newer AIDS drugs, such as BMS' Reyataz, which costs over \$12,900 per patient per year.

These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer and Board Member for CalSTRS and CalPERS, both of which are substantial shareholders in your company, I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Bristol-Myers Squibb will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,



BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Dr. Dominique Limet, CEO  
VIIV Healthcare  
Five Moore Drive  
Research Triangle Park, NC 27709

Dear Mr. Limet:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. ViiV stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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Dr. Dominique Limet, CEO

April 6, 2011

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higher prices for newer AIDS drugs, such as ViiV's Selzentry, which costs over \$13,200 per patient per year.

These increases not only put an undue burden on people seeking treatment, but place an unsustainable burden on states. California cannot afford to increase the budget for ADAP indefinitely in order to pay for higher drug prices. Nor can the state be put in the position of denying other essential health services in order to pay increasing drug costs. This tension must be resolved and in a manner that first serves Californians in need of health care.

I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that ViiV will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,



BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

John Martin, CEO  
Gilead Sciences  
333 Lakeside Drive  
Foster City, CA 94404

Dear Mr. Martin:

Last year California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Gilead stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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John Martin, CEO

April 6, 2011

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I urge you to extend the supplemental agreement you already have in place with the state and provide additional pricing considerations that will translate into a cost savings for the program. Only by a shared responsibility to sustain this program can we ensure ADAP will serve all of the people who rely on it.

As California State Treasurer and Board Member for CalSTRS and CalPERS, both of which are substantial shareholders in your company, I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Gilead will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,



BILL LOCKYER  
California State Treasurer



**BILL LOCKYER**  
TREASURER  
STATE OF CALIFORNIA

April 6, 2011

Ian Clark, CEO  
Genentech, Inc.  
1 DNA Way  
South San Francisco, CA 94080

Dear Mr. Clark:

Last year, California sought your assistance because our AIDS Drug Assistance Program (ADAP), like ADAPs across the nation, was on the precipice of potentially devastating cuts that would have resulted in Californians with HIV/AIDS losing access to life-saving drugs. Genentech stepped up and took significant action to help these programs during this difficult period by providing increased assistance to ADAPs in the form of supplemental price reductions and rebates. Your action yielded substantial savings, and most importantly, kept patients in treatment. I applaud your commitment.

Unfortunately, as you are aware, the state's fiscal situation has gotten worse, with new financial demands on ADAP beneficiaries proposed as a partial solution to the state's budget woes. State general fund dollars continue to shrink and California is faced with either ratcheting down access to ADAP or cutting other vital health services to offset the cost of ADAP. The state cannot keep up with both the increasing demand and rising drug costs in the ADAP program. Moreover, supplemental agreements by several drug companies are set to expire this year and next year, putting greater financial pressure on ADAP.

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Ian Clark, CEO

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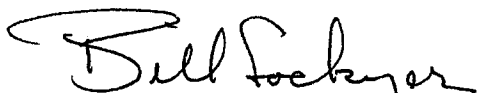
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As California State Treasurer I understand that patient access to pharmaceutical care is essential to the long-term health of your business. In addition, I recognize the critical work pharmaceutical companies do in developing drugs and that ultimately, profits will help fund the research necessary to develop the next generation of lifesaving AIDS drugs. However, an ongoing balance can be struck between these objectives and access to lifesaving AIDS drugs for the patients who need them.

With this in mind, I hope that Genentech will continue to strive to assist ADAPs in California and elsewhere as they struggle to provide the means to keep people with HIV/AIDS alive and as healthy as possible.

Thank you.

Sincerely,

  
BILL LOCKYER  
California State Treasurer