

## ILLINOIS MOVES TO SHUT DOWN FAILING HEALTH INSURANCE CO-OP

**CHICAGO:** An Illinois health insurance co-op with 49,000 policyholders in the state has become the latest casualty among a dwindling group of non-profit alternative insurers set up under the Affordable Care Act.

Illinois regulators took steps Tuesday to shut down Land of Lincoln Health, a 3-year-old startup that lost \$90 million in 2015 and more than \$17 million through May 31.

Illinois Department of Insurance officials announced they are seeking a court order allowing the state to take over Land of Lincoln Health and prepare the company for liquidation.

The department's acting director, Anne Melissa Dowling, will work with the federal government to establish a 60-day special enrollment period for Land of Lincoln policyholders to find and purchase new health coverage.

During the transition, policyholders must continue to pay their premiums to maintain their coverage and health care providers must continue to honor their contracts for service to patients, according to a department news release.

Land of Lincoln is a nonprofit co-op, one of 23 established under the Affordable Care Act. Nationwide, more than a dozen of the original co-

ops have closed. Last month, Dowling tried an unusual maneuver to help the company by blocking it from paying a \$31.8 million bill to the federal government. Dowling wrote in a June 30 letter to the federal government that she has ordered Land of Lincoln Health not to pay until it gets what it's owed by the feds - nearly \$73 million - under a separate provision of President Barack Obama's Affordable Care Act.

That didn't work, according to the Illinois department's news release, which said the federal Centers for Medicare and Medicaid Services would not suspend the company's risk adjustment pro-

gram liability. "It's an unfortunate day for Land of Lincoln members and for competition in the Illinois insurance market," said Land of Lincoln spokesman Dennis O'Sullivan. "It's unfortunate that CMS chose not to work with the state of Illinois as it went above and beyond with a plan to help consumers."

Land of Lincoln was formed under the Affordable Care Act's nonprofit health insurance co-op provision and funded by low-interest federal loans. The co-ops were intended to increase competition among insurance companies and lower prices for consumers. — AP

## LOWER-COST BIOTECH DRUG GETS THUMBS UP FROM FDA PANEL

**WASHINGTON:** The second-biggest selling drug in the world could get some cheaper competition in the US, after a federal panel endorsed an alternative version of the pricey medication used to treat rheumatoid arthritis and other inflammatory diseases.

A panel of Food and Drug Administration advisers voted unanimously in favor of Amgen's version of AbbVie's Humira, a biotech drug that raked in nearly \$15 billion last year, according to IMS Health. While not binding, the recommendation likely paves the way for FDA approval of the knockoff drug.

For years, biotech drugs faced no competition because there was no regulatory way to approve copycat versions, even after patents had expired. If approved, Amgen's drug would join a new wave of so-called biosimilars, which have the potential to generate billions in savings for U.S. insurers, doctors and patients.

But it could take years for those savings to arrive. Evercore ISI analyst Mark Schoenebaum says the earliest Amgen could launch its product would be March 2017, though that would risk infringing patents which AbbVie says protect its drug until at least 2022. Wall Street analysts expect the patent issue to be fought in court, and then for Amgen's drug to launch sometime between 2018 and 2022.

First approved in 2002, Humira has long been among the most profitable drugs in the world. It accounted for 60 percent of AbbVie's total revenue last year. The injectable drug, which blocks chemicals linked to inflammation, is approved for multiple uses, including rheumatoid arthritis, Crohn's disease and psoriasis.

Thousand Oaks, Calif.-based Amgen is seeking FDA approval to market its version, known only as ABP 501, for seven diseases. Amgen is itself a biotech powerhouse, and it too has medications facing competition from cheaper versions. The company is working to hedge those losses by developing lower-cost versions of competitors' drugs.

Biotech drugs are powerful, injected medicines produced in living cells that are typically much more expensive than traditional, chemical-based drugs. In 2015, six of the 10 top-selling medicines globally were biotech drugs, with more than \$56 billion in combined sales.

The FDA only approved the first lower-cost biotech drug last March, a Novartis version of the Amgen drug Neupogen. Pfizer won approval to market a second biosimilar in April, a version of Johnson & Johnson's Remicade, but it is not yet for sale.

Questions remain about just how much savings US biosimilars will deliver. Novartis' Zarxio sells for 15 percent less than the original Neupogen. Experts predict biosimilar discounts of 15 percent to 30 percent in the US.

In Europe, where governments regulate prices, discounts are higher. Development of lower-cost anti-inflammatory drugs like Humira is considered



**HOUSTON:** File photo, shows AbbVie's signature drug Humira, in Houston. Humira, the second-biggest selling drug in the world, could soon get some cheaper competition in the US, after a federal panel, on Tuesday, endorsed an alternative version of the pricey injectable medication used to treat various inflammatory diseases. — AP

pivotal in reducing US spending on specialty drugs, which has doubled to \$150 billion since 2010, according to IMS Health.

Yesterday, the same panel of FDA advisers will review a Novartis version of Enbrel, which is marketed by Amgen. — AP

## OBAMACARE 2.0: OBAMA CALLS FOR REVISITING THE PUBLIC OPTION

**WASHINGTON:** President Barack Obama is laying out a blueprint for addressing unsolved problems with his signature health law, including a renewed call for a "public option" to let Americans buy insurance from the government.

Obama's assessment of the Affordable Care Act comes in an eight-page article in the Journal of the American Medical Association, a peer-reviewed publication. The article debuted Monday on the journal's website, and Obama plans to echo the themes in public events and speeches in the coming weeks.

Replete with academic-style citations, the article is largely a self-congratulatory look at what Obama sees as the accomplishments of his law: millions of Americans who have gained coverage, slower growth in overall health costs and better coordination of care to improve quality. Yet it's also a memo for Democrat Hillary Clinton on how she can build on his legacy if elected president. Obama's latest ideas are likely to be dismissed by Republicans, who remain committed to repealing the health care law. In polls, "Obamacare" continues to divide the public.

Despite progress under his administration, "too many Americans still strain to pay for their physician visits and prescriptions, cover their deductibles or pay their monthly insurance bills," Obama wrote. Others struggle to navigate the "bewildering" health system. Too many still lack insurance coverage, he added. Obama urged lawmakers to "revisit" the public plan, especially in areas of the country where there is little or no competition among private insurers participating in HealthCare.gov and state-run marketplaces created by the law.

Many experts consider that at least three insurers are needed for a competitive market. But many small towns and rural areas have only one option. The problem is growing, as some commercial insurers scale back their participation in the health law's markets, and more than a dozen non-profit insurance co-ops have collapsed.

Kristie Canegallo, White House deputy chief of staff, said Obama will keep making his case for a public option to voters, but he doesn't plan to send the Republican-run Congress new legislation to implement it.

"This Congress is not going to act on a proposal like that," Canegallo said. During hard-fought negotiations in Congress before Obama signed the law in 2010, liberals pushed vehemently for a public option, in which Americans could opt for a

government-run plan similar to Medicare. It was scuttled to secure enough votes from moderate Democrats to pass the bill.

Now, Obama aims to influence the debate about health care in the presidential election. A public health insurance option would stop well-short of the government-run system that Vermont Sen. Bernie Sanders turned into a rallying cry. But some liberals believe it could be a steppingstone. Clinton has said if elected she'd work with interested governors to implement state-based versions of the public option.

Republican Donald Trump has said he'd end "Obamacare" and replace it with something better, though he's been vague on the specifics. A recent nonpartisan analysis found that the plan Trump has outlined would make 18 million people uninsured.

In a counterpoint to Obama's article published Monday by the same medical journal, a conservative policy expert called for an overhaul of the health care law.

Stuart Butler of the Brookings Institution think tank did not advocate repeal, but said the system is too complicated for many consumers, and subsidies for moderate-income families are inadequate. Butler said states should take advantage of a provision in the law that would allow them to redesign coverage starting in 2017.

"Core parts of the ACA need to be reassessed and revised," wrote Butler. The health care law has been the major driver in reducing the nation's uninsured rate to about 9 percent, a historic low. It provides subsidized private health insurance to people without workplace coverage across the country, and offers a Medicaid expansion that states can use to cover more low-income residents.

In the article, Obama repeatedly blamed "hyperpartisanship" for preventing more progress, pointing out that the 19 states that have refused to expand Medicaid under his law haven't done as well reducing the number of uninsured residents. He urged more of those mostly GOP-run states to accept the Medicaid expansion.

Obama also urged lawmakers to make the subsidies for private health insurance more generous. And citing the high cost of prescriptions, he called for new legislation to force drug companies to disclose more information about their production costs, as well as to give the government authority to negotiate prices for some high-priced medications. Those proposals basically align with ideas that Clinton has already put forward. — AP



**HYDERABAD:** An Indian doctor (L) consults with patients at the Fever Hospital (Quarantine Hospital) in Hyderabad yesterday. The hospital gets around 600 to 800 patients per day suffering from seasonal diseases including dengue fever and cholera. — AFP



**HYDERABAD:** An Indian child eats from a bowl on a street in the Vaddera Basthi slum in Hyderabad yesterday. More than one third of India's 62 million children aged five or less are stunted in their growth, according to a global report. World Bank President Jim Yong Kim warned during a visit to India in June that "if you walk into the future economy with 40 percent of your workforce having been stunted as children, you are simply not going to be able to compete." — AFP

## AIDS CONFERENCE RETURNS TO A CHANGED SOUTH AFRICA

**JOHANNESBURG:** The South Africa that hosts a global AIDS Conference next week has come a long way from the "AIDS pariah" that did so 16 years ago, when then President Thabo Mbeki stunningly dismissed the link between HIV and the disease.

At the epicentre of the worldwide AIDS pandemic, South Africa now boasts the largest treatment programme in the world, with 3.4 million people receiving the anti-retroviral (ARV) drugs that allow those living with HIV to lead normal lives. The contrast with the Mbeki era, when the health minister touted beetroot and the African potato as AIDS remedies and hundreds of delegates walked out of the conference when the president suggested poverty might be the leading cause of AIDS, could hardly be sharper.

During his presidency, Mbeki embraced a fringe movement of HIV deniers and resisted international and domestic pressure to seriously address the AIDS crisis. Instead, he denounced ARVs as Western inventions with poisonous side effects. "The patients were dying like flies. We were treating them with tender loving care and vitamins. We had nothing," said Dr. Jean Basset, who founded the HIV treatment center at the Witkoppen Clinic in Johannesburg in 1996. Patience Ndllovu was one of those who received treatment at the clinic. Diagnosed with HIV in 2002, she received only vitamins as treatment at first.

"They were difficult times. To raise a child and me being in that status, I was so scared," Ndllovu, now 38, said. Ndllovu said that, at her lowest point, her CD4 count - a

measure of how well the immune system is working - had dropped below 200, meaning her condition had progressed to AIDS. She began receiving ARVs in 2004 after the Mbeki government began a reluctant roll-out of the life-saving drugs to the sickest AIDS patients following a 2003 court ruling. She recovered.

**NEEDLESS DEATHS**  
Many South Africans living with HIV were not so lucky. A 2008 Harvard University study estimated that Mbeki's obstruction resulted in at least 330,000 unnecessary deaths in the first half of the decade.

"It was a lost decade. We blew the years 2000 to 2008 with political obfuscation," said Mark Heywood, cofounder of the Treatment Action Campaign, an advocacy group that for many years was the leading public voice on HIV in South Africa. Major change did not come until new leadership was in place. Mbeki was ousted in 2008, and the following year Aaron Motsoaledi, a respected doctor, was appointed health minister by new South African president Jacob Zuma. Motsoaledi immediately refocused the government response to the pandemic, launching a nationwide testing campaign and expanding ARV treatment.

"Motsoaledi has done a remarkable job," said Dr. Chris Beyrer, president of the International AIDS Society, the organizer of the conference in Durban from July 18 to 22. "For South Africa to have over three million on antiviral therapy - that is just extraordinary."

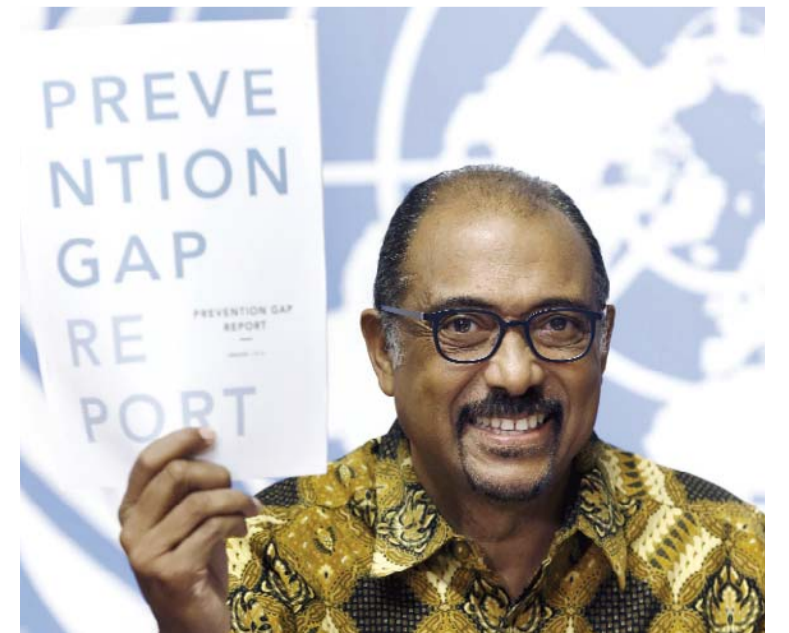
Today seven million South Africans, 19 percent of the adult

population, live with HIV.

The epidemic robbed many families of breadwinners, created an army of orphans and struck down millions in the prime of their working lives. While great progress in providing treatment has been made, the social and economic costs of the delayed response are still being felt.

"Mbeki was responsible for a huge number of people dying," said Dr. Francois Venter, Deputy Executive Director of the Reproductive Health and HIV Institute at Johannesburg's University of the Witwatersrand. "He has a large amount of accounting to do for a huge num-

ber of people who are dead and families who are decimated and an economy that could be much stronger," he said. Mbeki remains unphased by such attacks. In a letter posted on his foundation's website in March of this year, he pushed back against critics of his record on HIV, repeating his assertion that a "virus cannot cause a syndrome." For those like Ndllovu, the shift in South Africa's response to the HIV epidemic has saved and changed lives. "It is a normal life. You've got this disease, but you're still alive. As long as you take your treatment and follow what your doctors are telling you, everything will be OK," she said. — Reuters



**GENEVA:** Michel Sidibe, Executive Director of the United Nations Organization UNAIDS, presents the UNAIDS' new report on HIV prevention gaps, during a press conference, at the European headquarters of the United Nations in Geneva, Switzerland, Tuesday. — AP