

**Naylon, Mike , , Special Oversight Board**

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DOD RESTRUCTURES ANTHRAX VACCINE PRODUCTION CONTRACT

The Department of Defense announced today that it has restructured its contract with BioPort Corp., manufacturer of the anthrax vaccine, to provide a higher per-dose contract price and advance payments to the company. This action was taken to preserve the financial viability of BioPort in order to ensure uninterrupted production of the anthrax vaccine. As required by statute, the Army Contract Adjustment Board determined that its action would facilitate the national defense. The Board's decision was implemented by a negotiated contract modification.

BioPort is the only FDA-approved manufacturer of the anthrax vaccine. In June 1999, BioPort requested extraordinary contractual relief under Public Law 85-804 because it had insufficient cash to continue operations after August 1 and was unable to borrow additional funds. On July 27, 1999, the Army Contract Adjustment Board, which is delegated the responsibility of reviewing requests and providing such relief when necessary to facilitate the national defense, issued its decision. The Board decided to increase the contract per-dose price, reduce the total doses to be purchased, and exercise early the final option of the contract. The contract price was increased by \$24.1 million dollars. Included within the \$24.1 million is the authority for a total of \$18.7 in advance payments to BioPort for future production. The Board imposed conditions to protect the Government's investment.

Anthrax is extremely lethal and presents a clear and present danger to U.S. servicemembers. It is the weapon of choice for biological warfare and at least 10 potential adversaries have worked to develop the capability to use anthrax against U.S. forces.

Immunization against the deadly threat of anthrax is a Department of Defense initiative to more fully protect the members of the military Services. The immunization program consists of a series of six vaccinations per servicemember over an 18-month period, followed by an annual booster. Although protection levels increase as shots in the primary series are given; the entire six-shot series is required for full protection as determined by the Food and Drug Administration.

Anthrax vaccination plans were first announced in December 1997. In March 1998, the vaccination program was accelerated for troops assigned or deploying to Southwest Asia. In May 1998, Secretary of Defense William S. Cohen approved implementation of the Anthrax Vaccination Program for all active duty personnel and selected reservists beginning with those assigned, deployed or scheduled to deploy to high threat areas.

The phased vaccination program will take six to seven years to complete. Next in priority after those in Southwest Asia and Northeast Asia are early-deploying forces. The remainder of the force, including the reserves and National Guard, and new recruits will follow. Annual booster vaccinations for all servicemembers will become a routine part of force health protection.

The Secretary of the Army is the executive agent for the Department of Defense's Anthrax Vaccination Program. The Army manages and administers the overall program and monitors the Services' progress of their respective implementation plans.

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