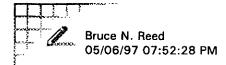
## NLWJC - Kagan DPC - Box 028 - Folder 011

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To:

Victoria Radd/WHO/EOP

cc:

Christopher C. Jennings/OPD/EOP, Sylvia M. Mathews/WHO/EOP, Elena Kagan/OPD/EOP, John

Podesta/WHO/EOP

Subject: AIDS Vaccine & Diabetes Update

As you may recall, we have been going back and forth with HHS and NIH in an effort to accelerate research on an AIDS vaccine and a cure for diabetes. We are finally making some progress, although still slower than we would like. Erskine had expressed a particular interest in the diabetes issue, so here's where we stand.

On both issues, we have repeatedly told HHS and NIH that the White House was ready to seek significant additional funding for NIH research targeted toward finding an AIDS vaccine and/or a cure for diabetes. In both cases, NIH raised strong objections both to our seeking additional funding (they say they have enough) and to any attempt to earmark that funding toward a specific purpose. They don't like the idea of politicians telling scientists how to spend their money, and they insist that scientific breakthroughs aren't a function of how much money they spend. HHS is loathe to make NIH do anything that NIH doesn't want to do.

Happily, after much prodding, NIH and HHS have finally come up with a list of actions we CAN take to advance the search for an AIDS vaccine. Shalala will be sending a memo to us later this week. The proposed actions include announcement of a new NIH AIDS vaccine laboratory, a new set of AIDS vaccine research and innovation grants (\$6 million), and an international commitment to AIDS vaccine research as part of the Denver Summit Communique (which Varmus has apparently been working on with his counterparts in the other 8 nations). We think we're also in a position now for the President to call for an AIDS vaccine by a date certain (within the next 8-10 years) without the entire scientific community attacking the idea. Together, these steps would make an excellent package for the President to unveil in his Morgan State commencement address on science May 18th.

Diabetes is taking longer, but the long-term prognosis is good. NIH has scheduled a major diabetes research conference for this fall, which is the mechanism Varmus uses when he needs an excuse to spend more than he's been spending on something. Around the same time, the Labor/HHS appropriations bill will be enacted, presumably with a major increase in overall NIH funding that will enable him to devote more resources to diabetes research. CDC is also seeking increases for diabetes prevention. So we should be in good shape in September to make a major push on diabetes, pegged to the NIH conference.

It will be difficult to do more in the short run, for 3 reasons: 1) Varmus will object; 2) we would have to file an amended budget request that spells out what we would give up in order to pay for the diabetes increase; and 3) the Republicans will still give NIH far more than we can promise. These obstacles are not impossible to overcome, but they would be difficult to pull off in time for Morgan State -- and it's perhaps the wrong time to propose new discretionary initiatives when we're in the midst of debating a tight budget resolution.

At some point, to ensure that this all turns out right, it might be a good idea to bring Varmus in to get to know Erskine. Kevin Thurm says that while Varmus is as prickly as they come, a little face time with the powers that be here might soften him up over time.

Let me know if you would like us to set that up sometime.