

October 16, 2019

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
S-230, the U.S. Capitol
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader, U.S. Senate
S-221, the U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
H-232, the U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader, U.S. House of Representatives
H-204, the U.S. Capitol
Washington, D.C. 20515

Dear Senate Majority Leader McConnell, Senate Democratic Leader Schumer, House Speaker Pelosi, and House Republican Leader McCarthy:

As state and regional life sciences organizations across the country, all dedicated to supporting the development and delivery of innovative life-enhancing and life-saving products, we write to express our strong concerns about recent legislative proposals that seek to introduce international reference pricing and foreign price controls as a strategy to reduce prescription drug costs. We are gravely concerned that such policies will consequentially threaten patient access and choice and cede America's global leadership in biomedical innovation.

At the outset, we underscore our appreciation for the bipartisan and bicameral efforts underway to provide relief to patients from unaffordable out-of-pocket costs for prescription drugs. This is a critical challenge for our nation, and we are committed to being part of the solution to address it, while also ensuring that incentives still exist to spawn future innovation. However, we are deeply concerned by proposals by some in Congress to introduce price controls, particularly foreign reference pricing, into government and private healthcare programs. These proposals are concerning for states and regions of the country with established life sciences communities, as well as for emerging biomedical innovation ecosystems working to attract capital investment and support entrepreneurship to build the companies and therapies of the future. Most importantly, they would be devastating for those patients hoping for medicines to treat serious, life-threatening diseases.

For example, 96 percent of new cancer drugs are available in the U.S., at an average delay of 3 months.¹ By comparison, Japanese patients have access to 50% of new medicines and wait on average 23 months. German and Canadian patients wait four times longer, French patients wait six times longer. None of these countries even approach the access to new therapies that our patients have. Should the U.S. implement foreign price controls, patient choice and access to the full range of life-saving therapies would undoubtedly be threatened.

¹ The United States vs. Other Countries: Availability of Cancer Medicines Varies. PhRMA Analysis of IQVIA Analytics Link and FDA, EMA and PMDA Data., Nov. 2018, <http://phrma-docs.phrma.org/files/dmfile/IPI-Model---Comparison-of-Cancer-Medicine-Availability---1205181.pdf>.

Proposals to implement foreign price controls also put at risk the U.S.'s world-leading innovative biopharmaceutical sector that has created nearly one million jobs² across all 50 states and represents a large portion of our nation's Gross Domestic Product (GDP) - generating an economic output of approximately \$1.3 trillion annually³. As a sector that already takes on extraordinary risks and significant investments with the hope that a few will eventually become the next life-saving treatment for patients, the looming potential of foreign price controls brings a threat that risks the support of future investment.

It is also important to remember that the overwhelming majority – over 80 percent – of biopharmaceutical innovators in the US are small, start-up, pre-revenue companies without a single product yet on the market. A recent report by IQVIA showed that emerging biopharmaceutical (EBP) companies account for over 70 percent⁴ of the total late-stage R&D pipeline and were responsible for almost two-thirds⁵ of the patents for new drugs launched in 2018. These mostly pre-revenue companies without a product on the market are the ones to be most affected by fluctuations in investment caused by the political and public policy environment.

The recent actions taken by the Administration and Congress on drug pricing are seen as extremely threatening by the life sciences sector, and we are therefore concerned that the proposed foreign price controls policies will scare investment away from life sciences investment, and towards other industry sectors that pose far less risk. If price controls as proposed are implemented it may reduce drug pricing in the short term, but it will certainly result in significantly reduced innovation and severely restricted access to life-saving medicines.

On behalf of the US's innovative life sciences community, we urge you to reject any efforts to undermine America's global leadership in biomedical innovation through international reference pricing or other price controls. Patients deserve access to and choice of the life-saving therapies of today and tomorrow. As you move forward, we stand ready to work with you to consider alternative proposals that will propel American innovation forward and deliver affordable, accessible and innovative therapies for patients who need them.

Sincerely,

² *The Economic Impact of the U.S. Biopharmaceutical Industry: 2015 National and State Estimates*. TEconomy Partners, LLC, Oct. 2017, https://www.phrma.org/-/media/Project/PhRMA/PhRMA-Org/PhRMA-Org/PDF/PhRMA_GoBoldly_Economic_Impact.pdf.

³ *Ibid.*

⁴ *The Changing Landscape of Research and Development*. IQVIA Institute for Human Data Sciences, 23 Apr. 2019, <https://www.iqvia.com/insights/the-iqvia-institute/reports/the-changing-landscape-of-research-and-development>.

⁵ *Ibid.*

Alabama:	BIO Alabama
Arizona:	Arizona Bioindustry Association, Inc. (AZBio)
California:	California Life Sciences Association - CLSA BIOCOM SoCalBio
Colorado:	Colorado BioScience Association
Connecticut	BioCT
Delaware:	Delaware Bioscience Association (Delaware BIO)
Florida:	BioFlorida
Georgia:	Georgia BIO
Illinois:	Illinois Biotechnology Innovation Organization (iBIO)
Indiana:	Indiana Health Industry Forum (IHIF)
Iowa:	Iowa Biotechnology Association (IowaBio)
Kansas:	BioKansas
Kentucky:	Kentucky Life Sciences Council
Louisiana:	Louisiana BIO
Maryland:	Maryland Technology Council
Massachusetts:	MassBio
Maine:	Bioscience Association of Maine (BioME)
Michigan:	Michigan Biosciences Industry Association (MichBio)
Minnesota:	Medical Alley Association
Missouri:	Missouri Biotechnology Association (MOBIO)
Montana:	Montana Bioscience Association
Nebraska:	Bio Nebraska
Nevada:	The Nevada Biotechnology and Life Science Association.
New Jersey:	BioNJ HealthCare Institute of New Jersey (HINJ)
New Mexico:	NMBio
New York:	New York BIO
North Carolina:	North Carolina Biosciences Organization (NCBIO)
North Dakota:	BioScience Association of North Dakota
Ohio:	BioOhio
Oregon:	Oregon Bioscience Association (Oregon BIO)

Pennsylvania: Life Sciences Pennsylvania (LSPA)
South
Carolina: SCBIO
South Dakota: South Dakota Biotech
Tennessee: Life Science Tennessee
Texas: Texas Healthcare and Biosciences Institute (THBI)
Utah: BioUtah
Virginia: VirginiaBio
Washington: Life Science Washington
West Virginia: Bioscience Association of West Virginia
Wisconsin: BioForward Wisconsin
Puerto Rico: Industry-University (INDUNIV) Research Center Inc/Bio Alliance
Puerto Rico