



VERMONT
BIOSCIENCES ALLIANCE

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Dear Chairman Lippert and Committee members,

We are writing to express our opposition to the bill H. 866 regarding prescription drug pricing "transparency," approved by your committee on March 11.

We support the Committee's mission and commitment to controlling health care costs. This legislation, however, singles out the biopharmaceutical industry, when there are multiple stakeholders involved in determining what consumers ultimately pay for a medicine including insurers, pharmacy benefit managers, wholesalers, and government agencies like Medicaid. This bill would do nothing to lower costs for patients, to increase access, or to decrease the cost of researching and bringing an innovative drug to market.

The Vermont Biosciences Alliance represents a number of forward-looking, Vermont biotechnology companies solving important world problems such as human and animal health and environmental harm from global warming. We believe that working with companies and trade organizations external to Vermont is the best way to solve problems using new knowledge of molecular and cellular biology. The founding belief of the Alliance is that our efforts together will make a difference. We are working to strengthen existing companies, create conditions to create and attract more bioscience companies – with their high skilled, high paying jobs – in Vermont. All of us share concerns over the rise in health care costs. In our estimation, this legislation would discourage our efforts by demonizing an important industry. The reporting requirements in the proposed bill would drive up administrative cost's, force companies to disclose proprietary information, and would in no way benefit patients.

The biopharmaceutical industry is one of the most heavily regulated industries in the U.S. Companies already report extensive information on costs, sales, clinical trials, and total R&D expenditures. Our State also highly regulates the interactions between pharmaceutical manufacturers and providers and requires significant disclosure of pricing information. Additionally, the requested information may be misleading to the State consumers because it does not take into account the cost of failures. The reality is that only 12% of medicines make it to market and 88% of compounds do not receive FDA approval. Not recognizing the expense associated with these failures results in an inaccurate calculation of the investment these biopharmaceutical companies are making. Biopharmaceutical R&D does not follow a linear path. Clinical teams may target research with the expectation that it may impact rheumatoid arthritis, then may transition to other bone disease, then may transition to autoimmune diseases. Research frequently moves in different directions. The end result could be the imposition of new rules that could inhibit research and delay or stop development of new drugs.

We believe that Vermont families support our efforts to find innovative therapies to infectious diseases, cancer, diabetes, hemophilia, genetic diseases, and obesity. Greater patient access to new and existing medicines means less doctor visits, fewer hospital stays and a decrease in costly medical procedures, all of which translate into lower health care costs overall and a healthier citizenry.

In light of our concerns, we urge the Committee to reconsider your support for this legislation, which will do nothing whatsoever to control drug costs, and will only serve to demonize an industry dedicated to medical innovations, which save and improve lives.

Sincerely,

William Church, PhD. President VBSA

Vermont Biosciences Alliance

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