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August 17, 2020

The Honorable Mike Lee
United States Senate
Washington, D.C. 20510

Dear Senator Lee,

The undersigned Utah biotechnology and biopharmaceutical companies, with a collective mission to develop life-changing medicines and ensure patient access to cutting-edge innovation, urge you to oppose advancement of President Donald Trump's executive order to mandate a "most-favored-nation" (MFN) pricing model for Medicare Part B drugs. We appreciate your support for our biosciences industry and hope you will give careful consideration to several concerns about MFN outlined below.

First, the MFN pricing model could cripple small drug companies in our state that are heavily focused on research and development (R&D). A large majority of Utah's pharmaceutical companies are early stage and their future depends on a continued flow of funding. These companies could see investment dollars dry up as betting on new treatments and cures becomes all the more risky.

Last year, House Democrats passed drug pricing legislation, H.R. 3, which included an MFN-like proposal to set Medicare-negotiated drug prices at or below the level paid under the index. The President's Council of Economic Advisors estimated that, if such policies were implemented, 100 fewer drugs could enter the marketplace as a result of less investment in R&D. The MFN order could similarly lead to drastic reductions in R&D with fewer innovative drugs coming to market. Studies have shown that new and better medicines reduce costs to the healthcare system through improved patient outcomes.

Second, MFN could limit physician and patient access to treatment options under Medicare Part B, which includes therapies to treat cancer and other serious diseases. Foreign countries, with opaque, manipulated pricing systems, typically restrict the choice of drugs available to patients to keep costs down. By pegging U.S. drug prices to prices in foreign countries, seniors in our own country may not be able to choose the optimal treatments for their conditions.

Third, the MFN order comes at a time when our nation, and particularly, our vulnerable elderly, is relying on the drive and innovation of the U.S. drug industry to deliver treatments and vaccines for COVID-19. Today, U.S. headquartered firms are responsible for more than 60% of current worldwide clinical programs conducted by emerging biotechnology companies. These trials will drive future medical breakthroughs, tackle the next pandemic, and fuel economic growth.

In closing, we believe that the MFN directive is not the right policy prescription to lower drug prices. Instead, we support a more comprehensive approach to reform, including changes to drug rebate and insurance practices that will directly reduce

out-of-pocket costs to consumers. We also believe that industry and lawmakers must work together to find solutions to the high prices of drugs without impeding U.S. innovation and the promise of Utah's own growing biosciences industry.

Thank you. We look forward to staying in touch on this important issue.

Sincerely,



Kelvyn Cullimore
President & CEO
BioUtah

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