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BIOTECHNOLOGY
INDUSTRY ORGANIZATION

James C. Greenwood
President & CEO

April 11, 2007

The Honorable Max Baucus, Chairman
The Honorable Charles E. Grassley, Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Grassley:

On behalf of the Biotechnology Industry Organization (BIO), I am writing to express our opposition to the Chairman's Mark to S. 3, the Medicare Prescription Drug Price Negotiation Act of 2007, which repeals the "non-interference" provision of the MMA. The success of the Part D drug program points to the importance of your bipartisan leadership in the enactment of the Part D drug program in 2003. BIO supported your efforts at that time and continues to support the program as enacted.

The Medicare Part D program is working very well, and beneficiaries are satisfied with the benefit. As a result of Part D, 90% of Medicare beneficiaries now have comprehensive prescription drug coverage. Further, 86% of beneficiaries claim that they are saving money; 92% claim that the benefit worked very or somewhat well; and 81% claim that the new benefit is affordable. And while patient experience with the new program is very positive, competition among private plans in the marketplace has already generated significant savings for Medicare beneficiaries and taxpayers. According to CMS, Part D cost almost $13 billion less last year than was expected. Further, the Medicare Trustees Report reduced the long-term Part D spending projections by $76 billion from 2006-15.

Under Part D, a patient and his or her doctors are able to discuss all available options and decide on the most appropriate treatments based on the needs of that individual patient. People suffering from complex diseases and conditions rely on this individualized treatment as available medications are not simply interchangeable. Under the current Part D benefit structure, seniors are able to choose prescription drug plans that best fit their individual health needs from a variety of options. This feature is critical in meeting the diverse health conditions of the elderly and disabled patient populations. If the "non-interference" clause were repealed, in order to find additional savings, the federal government would be required to make decisions on a national basis about which specific therapies to make available to Medicare beneficiaries who may have a significant

variety of complex clinical problems. This is the method the government uses to achieve budgetary savings at the Veterans Administration. In doing so, this legislation would ultimately restrict access to important therapeutic options, and limit patient choice because to reduce costs the government would have to make "one-size-fits-all" clinical decisions regarding innovative medicines on behalf of the entire Medicare population. On behalf of the companies BIO represents, the repeal of the non-interference clause poses a particular threat to the innovative, breakthrough products which are often the only treatment for certain diseases or conditions.

Additionally, regarding the provisions of the Chairman's Mark relating to comparative clinical effectiveness for Part D drugs, BIO shares your goal of increasing the availability of accurate, scientific evidence to help patients and their doctors make informed clinical treatment decisions. I believe we all agree that patients benefit when their physicians have access to the most recent scientifically valid information. BIO does not believe, however, that comparative effectiveness should be used as a means to contain costs and restrict access. BIO opposes this provision in the Mark, because of its mandate to use comparative effectiveness studies as a basis for coverage of a therapy. This would lead to formulary decisions that ignore the variability among individual Medicare patients.

Ensuring patient access to breakthrough therapies is the top priority for BIO's members engaged in health care, and we believe Medicare Part D is presently meeting this objective. For this reason we oppose the Chairman's Mark to S. 3, which would eliminate the prohibition on non-interference. Please feel free to contact me should you have any questions.

Sincerely,

James C. Greenwood
President and CEO