

July 30, 2008

Honorable Aníbal Acevedo-Vilá
Governor
Commonwealth of Puerto Rico

Re: Veto Request of Puerto Rico House of Representatives Bill Number 506

Dear Governor Acevedo-Vilá:

On behalf of the Biotechnology Industry Organization (BIO), we are writing to express our concerns regarding legislation pending your approval that provides for the establishment of a maximum price schedule for prescription drugs by the Puerto Rico Department of Consumer Affairs (DACO). Specifically, the bill grants DACO expanded power to institute price controls on non-government health insurance plan covered drugs purchased by the elderly population of the Commonwealth. We believe that the enactment of price control laws will create an atmosphere that discourages research investment in the biotech industry in Puerto Rico.

BIO represents more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and 31 other nations. BIO members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products.

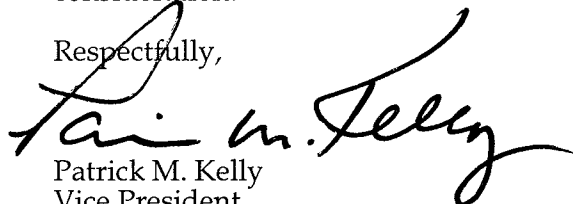
As you are aware, it takes a great deal of time and significant financial investment to bring biotech products to the market. It will be very difficult to raise investment capital in an atmosphere where the government determines how much return on investment a company should be allowed or which drugs are the most cost effective. A law that restricts access to new technologies based solely on price will not only reduce the quality of care for individual patients, but also could discourage investment in potentially lifesaving research.

Although BIO acknowledges Puerto Rico's fundamental need to exercise budgetary restraint, we are deeply concerned that this initiative to control prescription drug costs will discourage biotech research and development in the Commonwealth. Biotech innovation is the key not only for improving our health, but also for ultimately lowering our health care costs.

Additionally, the Commonwealth should recognize the impact this legislation would have on Puerto Rico's reputation as BioIsland and its ability to continue to attract and grow life-science companies. Puerto Rico has invested significant economic development resources to help grow and secure its bioscience industry cluster. The enactment of HB 506 could limit the ability of the Commonwealth's vibrant biotech industry to raise investment capital.

For these reasons we urge you to veto HB 506. We would welcome the opportunity to further discuss these issues. Please feel free to contact me at (202) 962-9200 or pkelly@bio.org if you should have any questions or concerns regarding this matter. Thank you for your consideration.

Respectfully,



Patrick M. Kelly
Vice President
State Government Relations

cc: Ivan Lugo, Executive Director, INDUNIV



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