



March 16, 2021

Senate Health & Human Services Committee
Colorado State Capitol
200 E Colfax
Denver, CO 80203

Dear Chairwoman Fields and Members of Senate Health & Human Services Committee:

On behalf of the Colorado BioScience Association (CBSA), I am writing in opposition to Senate Bill 175. We commend the bill sponsors on their goal to improve the affordability of medicines, but we are concerned that capping reimbursement for prescription drugs in Colorado could make it harder for early and growth-stage companies in our ecosystem to raise the significant capital needed to support the development and commercialization of new therapies. We also fear that this legislation will limit the availability of medicines for Coloradans.

Flourishing Life Sciences Ecosystem Developing Lifesaving Treatments

CBSA represents our state's dynamic and fast-growing life sciences ecosystem with more than 720 companies, organizations, and academic and research institutions. Our community develops breakthroughs that save and change lives around the world. Over the last year, we've seen our community do this at unprecedented speed, shifting their focus, staffing and resources from other projects to bring an end to this pandemic as fast as possible. Over 40 Colorado life sciences companies are leading in this global fight against COVID-19, developing and delivering tests, treatments, vaccines and technologies. This is because of increased collaboration and decades of investment in private sector innovation.

It is also a testament to the growth of our community over the past decade. Colorado's life sciences ecosystem has flourished in recent years, creating more than 32,000 high-paying jobs for the people of Colorado and representing more than \$3 billion in annual payroll.¹ During that same time, we have seen an increasing number of homegrown product approvals and commercial successes. The companies in our backyard are tackling some of the most critical issues facing patients today, using novel approaches like precision medicine, microRNA-based therapeutics, and gene editing to develop new treatments for diseases like cancer, sickle cell, cardiovascular disease, and neurological disorders.

Emerging Companies Take Big Risks and Require Stability in Reimbursement Landscape

Colorado's life sciences community is largely comprised of startups and early-stage companies without a single product on the market. These companies are responsible for developing some of the most innovative therapies and technologies. In fact, a recent report by IQVIA showed that emerging biopharmaceutical companies account for over 70% of the total late-stage R&D pipeline and are responsible for almost two-thirds of the patents for new drugs launched in 2018.² Our members take on extraordinary risk and significant investments to fund their research and development, with the

¹ *The Bioscience Economy: Propelling Life-Saving Treatments, Support State & Local Communities*. TEconomy Partners/BIO Report. June 2020.

² *The Changing Landscape of Research and Development: Innovation, Drivers of Change, and Evolution of Clinical Trial Productivity*. IQVIA Report, April 2019.

hope that one compound, protein or therapy will advance. And yet, almost all of them will fail. Only one in 10 drugs that enter clinical trials will advance to FDA approval, and most products do not even make it to the clinic.³

The innovators in our community rely heavily on venture capitalists, angel investors, and partnerships with larger companies to provide the tremendous amount of capital needed to fund their research and development, which spans a decade or more. If state governments start imposing artificially low prices for the few new drugs that actually make it to market, the biotech investment ecosystem becomes unsustainable. Investors will dedicate their capital to less risky ventures with a better return. This will have the biggest impact on the most innovative treatments, for diseases where there is high unmet medical need and the risk of failure is greatest.

For the few companies that achieve the rare success and get a new therapy approved, there will be little incentive to sell a product in Colorado. The bill creates significant uncertainty in Colorado's reimbursement landscape, and companies and their investors will not take that risk.

Lack of Stakeholder Process

Lastly, we are concerned that this legislation has been developed without stakeholder input. While policymakers may have the best intentions, it is critical to engage all members of the healthcare sector when crafting and implementing new healthcare policy to ensure any proposal will not have adverse effects on those the bill is intending to help. As far as we can tell, there was no stakeholder process on Senate Bill 175. Members of Colorado's life sciences community had no opportunity to provide feedback or raise concerns in advance of the bill's introduction. We encourage legislators to consider the importance of stakeholder feedback and the benefit of having a diverse group of healthcare advocates and representatives at the table.

Continuing Our Partnership for Growth

Since the inception of CBSA, our organization has worked hand-in-hand with the General Assembly to advance Colorado into a top-tier cluster for life sciences. We are proud of the growth and success of our ecosystem in recent years, and we attribute that success to our world-class research institutions, talented workforce, and the sound public policies which help to attract and retain companies. We are concerned this bill would diminish those efforts by undervaluing medical innovation and undermining investment incentives for new, life-savings treatments.

For these reasons, we respectfully ask you to **vote no** on Senate Bill 175. If you have any questions or would like to discuss further, please do not hesitate to contact me.

Sincerely,



Emily Roberts
Vice President
Colorado BioScience Association

³ *Biopharmaceutical Research and Development: The Process Behind New Medicines*. PhRMA, 2015. http://phrma-docs.phrma.org/sites/default/files/pdf/rd_brochure_022307.pdf.