COLORADO BIOSCIENCE ASSOCIATION

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Honorable Jared Polis
Governor, State of Colorado
State Capitol Building
200 E. Colfax Ave., Room 136
Denver, CO 80203

Dear Governor Polis:

Colorado's life sciences community and our state leaders share an unwavering commitment to improving patients' lives and making sure Colorado remains Colorado—where quality of life and livelihood are intertwined.

Colorado BioScience Association (CBSA) applauds your loyal support of the Advanced Industries Accelerator Grant Programs and Tax Credit, which provide critical sources of non-dilutive funding and incentives for early-stage investment for innovation-focused Colorado companies. These programs play a vital role in ensuring Colorado patients can access the most cutting-edge health innovations to prevent, treat, and cure debilitating diseases. They also demonstrate a significant return on investment, delivering value back to the state through company creation and high-paying jobs in industries that play a vital role in the state's economic growth and stability. Thank you for your strong commitment to the continued viability and success of these essential programs.

However, we are concerned about how some of the highest priorities of your Health Administration jeopardize the state's thriving entrepreneurial ecosystem and the research- and development-intensive companies dedicated to saving and changing patients' lives.

Today, I would like to share some perspectives about statements that were made by members of your Health Administration during a recent panel discussion at the Colorado Healthcare Strategy & Management meeting with Michelle Barnes, Interim Commissioner, Behavioral Health Administration, Kim Bimestefer, Executive Director, Department of Healthcare Policy & Financing, and Michael Conway, Colorado Insurance Commissioner, moderated by Ed Sealover, Vice President of Strategic Initiatives and Editor of The Sum & Substance, Colorado Chamber of Commerce and explain why these statements highlight areas of concern.

Statement by members of the Health Administration: "Every moment is precious. We are on a sprint to make as much difference as we can."

We all agree, patients need access to effective, affordable medicines. However, pushing fast-paced, unprecedented change in a complex healthcare system that has been broken for decades risks serious unintended consequences for patients, our state, and the rest of our country, which is now looking to follow Colorado's lead on drug pricing.

In the rush to become the first state to establish a Prescription Drug Affordability Board (PDAB) and set price limits on "the highest cost prescription drugs," quality and predictability have been sacrificed for speed. Stakeholders impacted have experienced lack of clarity regarding the PDAB's process, methodology, and timelines. Even more concerning, stakeholders have repeatedly raised concerns about inaccurate and

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unreliable data sources informing methodology, critical material errors in calculations, repeated inconsistencies in guidance, and uncertainty about public disclosure and handling of confidential information. Stakeholders repeatedly warned the Board about the harms of making drug selections based on flawed information and misleading recommendations. The PDAB ignored stakeholders. They moved ahead and made premature decisions that could have real and lasting impacts on the patients Board members intend to protect.

The PDAB members and staff are making missteps and mistakes that make it very challenging for stakeholders to trust and conform to the process. Their decisions could have devastating consequences for patients and innovative health companies.

We understand that the Board's primary goal is to improve affordability for patients, but affordability without access is not in the best interest of the Colorado constituents you and the Board are trying to serve.

Statement by members of the Health Administration: "We celebrate that we are the first in the nation to implement some of these health policies."

Many other states around the country are now following Colorado's lead to form PDABs and implement government price controls. They are watching our every move on this unchartered path. We are building a reputation, one I fear threatens our innovation ecosystem, our economy, and our ability to attract and retain life sciences companies and the investments that fuel them. We are trailblazing a path that risks harming patients with reduced access to needed medicines and also sends mixed signals to Colorado's health innovators, who dedicate their careers to saving and changing lives with their discoveries.

Colorado is home to a thriving ecosystem of innovation and entrepreneurial culture. Colorado's life sciences sector is among the best in the nation and continues to attract national and international attention and investment. Colorado's health trailblazers are developing promising cancer drugs, treatments for devastating childhood illnesses, and discoveries that lessen the symptoms of autoimmune diseases. Our ecosystem supports Colorado's economy with 38,000 direct jobs paying an average annual salary of $120,000.

Government price setting creates significant uncertainty and unpredictability for research, development, and manufacturing of innovative drugs, which will disincentivize leaders from choosing Colorado as the best place to start, grow, or relocate their innovation health technology companies. It will also disincentivize investors from taking on additional risk to fund new, transformative therapies at a time when investment dollars are already constricted.

Prices of the medicines our loved ones need reflect years of research, development, and clinical trials. Because it takes 10-12 years to design, develop, and secure approval of a single medication, one successful drug costs manufacturers up to $2.6 billion to bring to market. Health innovation requires significant capital to beat the odds and bring new medicines to patients. Price mandates will reduce the amount of free cash available to reinvest in developing new medicines. Studies conducted to evaluate the anticipated impact of federal price controls point to decreases in biopharmaceutical-supported output in Colorado of $935 million on the low end.

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We all agree, patients need access to effective, affordable medicines. However, government price mandates are not the solution. I fear we are leading the rest of the country down the wrong path and jeopardizing our reputation, our innovation climate, our economy, and our citizens' access to needed medicines.

Statement by members of the Health Administration: "We do everything with the community and in the best interest of the person in Colorado."

You have clearly stated your commitment to building a Colorado for All, where everyone can thrive no matter who they are, where they come from, or how long they've called Colorado home.

Colorado patients and caregivers have made it clear – uninterrupted access to medicines that dramatically improve quality of life matters most. Patients have also described the complexities of affordability, which look different for each of them, and depend on many factors in a bloated system that includes wholesalers, pharmacy benefit manufacturers (PBMs), and insurance companies, each taking substantial cuts on every drug pharmacies sell. It is prescription insurance coverage, rebates, discounts, co-pays or deductibles, and administrative fees that ultimately determine each patient's final cost – not the drug's list price or wholesale acquisition cost.

PDAB members have disregarded patient feedback, prompting vocal opposition from CBSA and patient groups. Colorado mom and cystic fibrosis (CF) patient Sabrina Walker shared her life-changing experience with Trikafta, a drug selected for state review, during a CBS News interview. Previously, she spent weeks at a time in the hospital. Now, she hikes regularly and works full time. She fears a "ripple effect" from price controls, limiting investment in rare disease treatments and ultimately restricting access to medicines for conditions like CF.

Amber Freed, whose son Maxwell lives with a rare disease, also highlighted her fears about limited access to the single, life-saving drug he relies on. She emphasized the importance of considering the intersection of cost, innovation, and access. As a Colorado native and life sciences entrepreneur who understands the challenges of bringing solutions for unmet medical needs to patients, I share Sabrina and Amber's concerns – concerns that have been discounted and dismissed by the PDAB and state leaders.

I'm also disturbed by false, unfair judgements mistrusting the motives of our community's dedicated professionals. If I have learned anything about the people developing and manufacturing devices and medicines, it is this—we care deeply about patients.

We devote our careers to preventing and curing diseases, not to turning a big profit (there are much easier paths to pursue if that is your goal). We are committed to helping patients access therapies and offer programs to help reduce out-of-pocket costs for medicines through coupons, discounts, and co-pay assistance. Passion and personal experience drive us.

Efforts to control prescription drug pricing harm collaborative work to advance patient care with health innovations.

Statement by members of the Health Administration: "We need to understand unintended consequences and study to evaluate their impact."

As you and your Health Administration continue your work to implement first-of-its-kind, experimental health policies that have never been tested or measured, I strongly urge you and the PDAB to slow down and acknowledge that the decisions you make have the potential to create significant unintended consequences, which have yet to be studied and are not fully understood.

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Recent economic impact studies that estimate the impact of pricing controls on investments and innovation in the U.S. suggest if pricing controls had been in place 10 years ago, 24-49 therapies currently available today would most likely not have come to market and therefore would not be available for patients and their providers. Conservatively, as many as another 139 drugs over the next 10 years are at risk of not being developed at all, and 66,000 to 136,000 direct jobs are expected to be lost the in U.S. biopharma ecosystem.

We are very concerned about the impact here in Colorado and have urged the PDAB to gather and consider state economic impact data before making decisions that could have irreversible unintended consequences for Colorado patients and our innovation economy.
Just because the PDAB has been established and given the authority to set upper payment limits (UPLs) doesn't mean that's the right solution for Colorado patients. A one-size-fits-all artificial UPL won't change what most patients actually pay for their medicines. We must work collaboratively on calculated solutions that simplify and transform the whole complex drug pricing supply chain.

I welcome the opportunity to speak with you on this topic and work to find solutions that will actually help Colorado patients while preserving the state's biopharma ecosystem.

Sincerely,

Elyse Blazevich
President and CEO
Colorado BioScience Association

CC:
Michelle Barnes, Interim Commissioner, Behavioral Health Administration
Kim Bimestefer, Executive Director, Department of Healthcare Policy & Financing
Michael Conway, Colorado Insurance Commissioner
Ed Sealover, Vice President of Strategic Initiatives and Editor of The Sum & Substance, Colorado Chamber of Commerce