

2019 Federal Policy Brief

Life Science Tennessee (LST) is the premier advocacy organization representing companies, individuals, research institutions, universities, and economic development groups seeking to advance the life sciences in our state.

Leadership at LST has pinpointed federal policy issues, listed below, for the 2019 legislative year. We applaud the efforts of federal legislators to assist the industry in improving patient access to life-saving drugs and therapies. For more information about Life Science Tennessee and these recommendations, please contact Abby Trotter, executive director, at 615-242-8856 or atrotter@lifesciencetn.org.

2019 POLICY REQUESTS

1. **Pass Permanent Repeal of the Medical Device Tax** We respectfully request full and immediate repeal of the punitive medical device tax as called for in the bipartisan Protect Medical Innovation Act (S. 692).
2. **Support Sustainable NIH Funding** Continue funding research for life-saving drugs and therapies.
3. **Recognize the Value of Medical Advances** Consider the true value of medicine during policy discussions regarding drug pricing and transparency.

Pass the Repeal of the Medical Device Tax

Part of the Affordable Care Act (ACA) included a 2.3 percent sales tax on medical device sales. This tax has harmed the medical technology industry by slowing capital expansion and reducing research and development. According to the U.S. Department of Commerce, jobs in the U.S. medical technology industry fell by nearly 29,000 while the medical device excise tax was in effect.

Life Science Tennessee appreciates that Congress suspended the tax twice with broad bipartisan support since it took effect in January 2013. This has allowed companies to put money back into research that addresses the needs of patients. However, the most recent moratorium is set to expire at the end of the year. Full repeal of the device tax will provide medical technology innovators the long-term certainty necessary to support job growth and the cutting-edge R&D that will ultimately lead to the next generation of breakthroughs in patient care and treatment. We call for permanent repeal of the medical device tax as stated in the bipartisan Protect Medical Innovation Act recently introduced by Senators Pat Toomey (R-PA) and Amy Klobuchar (D-MN), and in a forthcoming House bill to be introduced by Representatives Ron Kind (D-WI) and Jackie Walorski (R-IN).

Support Sustainable NIH Funding

Our organization is deeply troubled by the proposed cut to the National Institutes of Health (NIH) contained in the Administration's budget proposal. A cut of such magnitude would have serious repercussions on medical research, jobs, and the economy. It would stymie major progress toward treatment and cures of diseases, which jeopardizes every American's access to necessary treatments.

For FY 2020, we respectfully request an appropriation of at least \$41.6 billion for NIH. This funding level would allow for meaningful growth above inflation and ensure that funding established in the 21st Century Cures Act would supplement the agency's base budget, as intended, through dedicated funding for specific programs.

NIH-funded research conducted at academic and medical institutions in communities in every state in the nation is an engine for medical progress and economic growth. NIH research fuels the pipeline of discovery and innovation necessary to prevent, treat, and cure our most vexing diseases with 8.4 percent of all NIH grants used to generate patents for new drugs, medical devices, and other medicine-related technologies. It also has a significant economic impact. For example, the human genome project, to which genetic testing companies like 23andMe owe their existence, cost around \$3.8 billion but is estimated to have generated \$796 billion in economic impact.

Tennessee's scientific community is actively engaged in investigating possible cures for diseases such as Alzheimer's, ALS, cancer, and epidemics such as Ebola. The need for this work is only increasing, and Tennessee's scientists need adequate resources—meaning sustainable funding and continued annual growth in the NIH budget at a rate that outpaces inflation—to help solve pressing health issues. With NIH support, Tennessee can continue its trajectory as a top-tier research state. Additionally, proper funding for Tennessee scientists will contribute to the effort to maintain U.S. international leadership in biomedical research.

Recognize the Value of Medical Advances

Life Science Tennessee urges Congress to bear in mind the true value of medical innovation during upcoming discussions about the cost of drugs, biologics, and medical devices. The pharmaceutical and medical technology industries have produced treatments that save countless American lives.

The U.S. biopharmaceutical industry is an economic engine, employing nearly 1.7 million American workers across the country and accounting for more than half of all new drugs developed globally. If the U.S. were to imitate the restrictive pricing and access practices of many European nations, it would seriously harm investment in the next generation of medical breakthroughs. In fact, the economists Joseph Golec and John Vernon estimated that if the United States had adopted European-style price controls on pharmaceutical drugs from 1986 to 2004, it would have produced 117 fewer new medicine compounds for the world. Patient access to advanced medical technology improves lives while generating efficiencies and cost savings for the health care system and the economy.

Adopting foreign price controls on American innovation through the Trump Administration's proposed International Pricing Index (IPI) model puts America's patients last and diminishes their hope for a better future. Contrary to the Administration's repeated promises to end 'foreign free-loading,' this proposal embraces it and exacerbates its harmful effects. By adopting foreign price controls on the small number of innovative medicines that make it to market, this proposal will severely chill investment in the very new cures and therapies that Americans need. It is, quite simply, a race to the bottom.