



January 10, 2019

The Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Ave. SW  
Washington, DC 20001

main: 617 • 674 • 5100 fax: 617 • 674 • 5101

Massachusetts Biotechnology Council  
300 Technology Square, Eighth Floor  
Cambridge, MA 02139

Re: International Pricing Index Model for Medicare Part B Drugs

Dear Secretary Azar:

MassBio represents over 1,100 biotechnology companies, academic institutions, disease foundations and other organizations involved in life sciences and healthcare. These companies, organizations, institutions and entrepreneurs are at the forefront of innovation and cutting-edge R&D that improves the lives of patients every day. I am writing you today in strong opposition to CMS' Advanced Notice of Proposed Rulemaking – *International Pricing Index (IPI) Model for Medicare Part B Drugs*.

The proposed international pricing index model would have a significant impact on the future of medical innovation both in Massachusetts and the country as a whole. The majority of medical innovation happens currently in the U.S. with Massachusetts being the epicenter of much of that R&D.

The cutting edge of life science research and development is happening in Massachusetts. A majority of the next-wave of breakthrough therapies being developed here are complex, increasingly personalized, and will be administered in physician settings. Those treatments and cures are covered under Medicare Part B. The IPI demonstration project sets the stage for life sciences companies to lose the market incentives necessary to take the risks necessary to develop the next wave of life saving medicines. Yet, the proposed demonstration in no way shows how it will save patients money on their out of pocket health care costs.

According to the Bureau of Labor Statistics, the total economic impact of the biopharma industry in 2017 was \$10.4 billion in Massachusetts-based wages alone with more than 70,000 people working in the biotech sector across the state. Moreover, biotech industry jobs grew 28 percent over the last ten years (four percent last year) and more than 10 percent of all NIH funding went to Massachusetts organizations last year alone. For our state and others like us, where life sciences is a major driver of our economy, introducing this type of change to a market-based system could have widespread implications.

Additionally, changing reimbursement rates under the Medicare Part B program may cause patients to face significant barriers to treatment access. Massachusetts is home to 153 provider practice locations and these practices rely on reimbursements from the Part B program to help them provide a range of treatment options, including the newest and most effective medicines and therapies. This dramatic experiment could have the unintended consequence of forcing small provider practices out of business or into the arms of large hospital systems because they can no longer afford to provide that same quality of care. In the end, the patient suffers as this may cause disruptions in current treatment plans.

The biotech industry and its medical innovation efforts play a key role in our state's economy and are crucial to providing access to high quality care. Patients in Massachusetts, as well as the companies and providers responsible for providing the best care and treatments available, should be safeguarded against short-sighted government demonstrations and their unintended consequences. The Medicare Part B proposal is not a viable solution to lower health care costs and we urge CMS to withdraw this model.

Thank you for your time and consideration of this request. If you have any questions or need additional information, please do not hesitate to contact me. I look forward to working with you and other stakeholders to enact public policy that will improve and preserve patient care in Massachusetts, around the country and the world.

Sincerely,

A handwritten signature in black ink, appearing to read "RK Coughlin". The signature is fluid and cursive, with a prominent initial "R" and "K".

Robert K. Coughlin  
President & CEO