

October 29, 2025

The Honorable Bill Cassidy, M.D.
Chairman
Committee on Health, Education, Labor & Pensions
United States Senate
Washington, DC 20510

The Honorable Bernard Sanders
Ranking Member
Committee on Health, Education, Labor & Pensions
United States Senate
Washington, DC 20510

RE: U.S. Senate Committee on Health, Education, Labor & Pensions Hearing: “The Future of Biotech: Maintaining U.S. Competitiveness and Delivering Lifesaving Cures to Patients”

Massachusetts Biotechnology Council (MassBio) appreciates the opportunity to submit testimony on how the United States can remain the world’s leader in biotechnology and continue delivering lifesaving cures to patients. MassBio represents more than 1,700 member companies across Massachusetts’ life sciences ecosystem, from startups and academic labs to global biopharma and manufacturing partners.

For nearly five decades, Massachusetts-based companies, researchers, and scientists have set the pace for biotech innovation. From early pioneers like Biogen (founded in 1978) and Genzyme (1981) to today’s 1,000-plus biotechs clustered across Greater Boston, the region’s density of talent and ideas is unmatched. Kendall Square in Cambridge has earned its reputation as the nation’s biotech epicenter, and our talent is reinforced by the deep bench of NIH-funded hospitals and institutes nearby. Strategic state investment has helped translate breakthrough science into companies and jobs, while record venture investments and IPOs underscore the ecosystem’s global pull. In short, Massachusetts isn’t just home to the most innovative square mile on the planet, it’s where discoveries become cures, companies, and careers.

Current State of Massachusetts and U.S. Biotech Ecosystem

Because of our prominence as a global industry leader, Massachusetts acts as a bellwether for the broader U.S. biotech ecosystem. In many ways, trends that start here often ripple nationwide. Given that, earlier this year, MassBio released our annual Industry Snapshot, tracking key datapoints across the Massachusetts life sciences industry, including employment, industry investment, drug development pipeline, real estate, and regionalization metrics.¹ After a historic decade of growth, the Commonwealth posted its first recorded dip in R&D employment in 2024 (down 1,101 jobs or 1.7%) signaling a recalibration of the sector due to industry headwinds. Yet

¹ MassBio Industry SnapShot (2025); <https://www.massbio.org/industry-reports/industry-snapshot/>

capital still concentrates here: in the first half of 2025, Massachusetts companies attracted \$2.75B in venture funding, or 22.5% of all U.S. biotech VC flowed to MA-based biotechs, showing the hub's continued leadership. However, deal-making cooled in tandem with national sentiment, with \$7.6B spent to acquire 14 Massachusetts companies in H1 2025 versus \$28.9B across 17 deals a year earlier. On the real-estate front, another 1.1M square feet of lab space came online, bringing total inventory to 63.2M square feet and vacancies to 27.8%, mirroring excess capacity seen elsewhere in the country.

Even amid these headwinds, the state continued to showcase continued innovation: Massachusetts now accounts for 15.7% of the U.S. drug-development pipeline, up from 15.2% last year. However, while Massachusetts outpaces the U.S. in pipeline growth year-over-year, China has far surpassed both, growing its total pipeline by 16.5% between July 2024 and July 2025. China's pipeline, while still smaller than the United States, now accounts for roughly 41% of the size of the U.S. pipeline, reflecting deliberate national strategies in China to accelerate R&D, market access, and manufacturing. Given this growth, the United States risks ceding leadership in advanced modalities that are transforming care if it continues to implement policies that introduce uncertainty over stability.

Policy Headwinds Impacting the Biotech Industry

The biotechnology industry is uniquely high-risk and long-horizon. The timeline from basic research to patient access is typically more than 15 years and often requires more than \$2 billion in cumulative capital. Early-stage biotechs, which are pre-revenue and dependent on venture and public markets, are responsible for most new medicines and treatments, yet they operate on the thinnest cash runways and absorb the greatest clinical and regulatory risk in their pursuit of FDA approval. As a result, policy shocks disproportionately hit these companies, slowing trials, shrinking pipelines, and delaying patient access. Any reforms considered by Congress must therefore be calibrated to the realities of early-stage development, preserving predictable incentives and stable financing conditions that allow high-risk science to advance.

- **Policy uncertainty and proposed price controls are chilling early-stage capital.** IPOs remain scarce (Massachusetts saw just one biopharma IPO in the first half of 2025) and M&A is subdued, which is limiting exits and recycling of capital back into early-stage companies that power our pipeline. Proposals that implement price mandates would compound this uncertainty by importing foreign-reference pricing volatility into U.S. markets, undermining investment cases for small and mid-cap innovators.
- **Threats of reduced federal science funding impacts the pipeline.** NIH funding to Massachusetts declined in 2024 versus 2023, a warning sign given NIH's role in training talent and seeding discoveries that spin out into startups and partnerships with our hospitals and universities. Cuts here echo downstream in fewer company formations and slower translation.
- **Delays in SBIR/STTR reauthorization jeopardize America's seed fund.** Massachusetts entities received more than 10% of all SBIR/STTR awards in 2024. These non-dilutive awards are often the bridge between a breakthrough idea and investable

proof-of-concept. Instability in the program ripples across the earliest, most fragile stages of company building.

- **On-Shoring Proposals Risk Delays and Increases Costs.** Leaders across the Massachusetts biotech ecosystem worry that the specialized capacity and workforce many firms currently access overseas cannot be replicated domestically overnight, and forcing abrupt supplier changes would slow innovation unless Congress simultaneously catalyzes U.S. capacity.

How the Committee Can Maintain U.S. Competitiveness and Deliver Lifesaving Cures to Patients

To restore U.S. biotech leadership and accelerate therapies to patients, Congress should focus on four near-term pillars: (1) predictable, innovation-compatible pricing policy that avoids MFN constructs and addresses true patient affordability through PBM and 340B reforms; (2) sustained federal science and regulatory capacity via robust multi-year funding for NIH, FDA, and HHS to meet the complexity of novel and advanced modalities; (3) rapid, long-term SBIR/STTR reauthorization to stabilize the earliest stages of company formation; and (4) a phased, investment-backed approach to achieve national-security goals without disrupting clinical programs or pushing R&D overseas.

1. **Pursue Value-Based Drug Pricing Policies:** MFN and other drug pricing policies inject price variability into U.S. markets and disproportionately punish first-in-class programs that already carry the highest scientific risk. Congress should reject MFN approaches and any policy that imports foreign list prices into U.S. reimbursement. Likewise, the IRA's shorter price-negotiation timeline for small molecules (relative to biologics) has already chilled investment and tilted pipelines away from oral therapies. To address this, Congress should pass the EPIC Act to restore parity between small molecules and biologics. Similarly, Congress should protect rare disease innovation by preserving the orphan drug exclusion to IRA price negotiations that maintains investment into drugs approved to treat multiple rare disease indications. Stable, innovation-compatible pricing policy is a precondition for financing multi-year clinical programs.
2. **Address True Issues Related to Rising Healthcare Costs:** The Committee should pursue Pharmacy Benefit Manager (PBM) and 340B reforms that put patients first. PBMs can drive up out-of-pocket costs when they keep rebates instead of passing them through; delinking PBM fees from list prices, banning spread-pricing, and requiring point-of-sale rebate pass-through would lower what patients pay at the pharmacy counter. The 340B program, intended to help safety-net providers stretch drug dollars, has grown well beyond its original scope. Requiring that a portion of 340B savings be shared with patients would reduce distortions that raise premiums and shift care to higher-cost settings.
3. **Provide Robust, Predictable Funding for NIH, FDA, and HHS:** The Committee should commit to reject any proposals to cut critical funding for the National Institutes of Health and instead set NIH on a multi-year growth path that protects investigator-initiated science, sustains grants, and supports translational partnerships with academic medical centers which are core strengths of the Massachusetts model. Similarly, the Committee

should ensure FDA has the resources, staff, and expertise necessary to keep pace with advanced modalities and to scale review capacity, so timelines are predictable, less costly, and more efficient.

4. **Quickly Reauthorize and Strengthen SBIR/STTR:** For the first time since its inception more than 40 years ago, the SBIR/STTR program sunset on September 30. While we recognize SBIR/STTR Reauthorization is outside the remit of this Committee, we are nonetheless disappointed that Congress has been unable to come to terms on keeping the program running. A long-term reauthorization that improves and speeds up the award process would allow companies to bridge the so-called “valley of death” and give critical stability to a program that has led to more than 100 new treatments for patients since its inception. Given that Massachusetts consistently ranks near the top for awards and dollars, stability here immediately translates into more startups, local hiring, and new clinical candidates entering the U.S. pipeline.
5. **Recognize Potential Impacts of BIOSECURE:** MassBio supports the national security aims behind BIOSECURE. We support efforts to protect sensitive patient data and reduce over-reliance on adversarial suppliers. However, we urge the Committee to pair any restrictions with the funding, time, and flexibility needed to execute an orderly transition. A simple, immediate ban would divert scarce resources from research, stall clinical programs, and ultimately harm patients. Instead, the Committee should combine targeted guardrails with substantial investment in domestic R&D and biomanufacturing, establishing incentives to enable capital-intensive buildouts of new and modernized facilities that can meet demands of companies shifting work home without breaking the pipeline for new therapies.

Conclusion

Our industry snapshot makes clear Massachusetts remains a global engine for biotechnology discovery, but heightened policy risk is constraining the translation of science into patient impact. At the same time, global competitors such as China are moving fast, backed by deliberate national strategies to grow their ecosystems. U.S. leadership will persist only if Congress restores predictability and strengthens the conditions that draw long-horizon capital into high-risk clinical programs.

Recognizing the national security imperative by incentivizing onshoring of R&D and manufacturing would strengthen resilient domestic supply chains; SBIR/STTR reauthorization would immediately unlock hundreds of milestone-driven projects nationwide; robust NIH/FDA/HHS funding sustains the people and platforms that generate investable science; and pursuing value-based price controls preserves the incentives that attract private capital into our early-stage biotech. Together, these actions will keep the U.S., and patients, on the frontier of cures.

MassBio stands ready to support the Committee’s work. We appreciate the Committee’s attention to this issue and welcome continued engagement as you develop solutions that keep America the global home for biotech. Thank you for your leadership and for the opportunity to provide this comment.