

Chris Netram
Managing Vice President
Policy

July 10, 2023

The Honorable Bernie Sanders
Chairman
Committee on Health, Education,
Labor & Pensions
United States Senate
Washington, DC 20510

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

Dear Chairman Sanders and Ranking Member Cassidy:

The National Association of Manufacturers is the largest manufacturing association in the United States representing nearly 14,000 manufacturers in every industrial sector and in all 50 states. Manufacturers are committed to the health and safety of their workers and are driving lifesaving medical innovations that benefit all Americans. The National Association of Manufacturers appreciates the opportunity to provide input on your committee's discussion draft of legislation to reauthorize the Pandemic and All-Hazards Preparedness Act, and we want to share our concerns that certain proposals would undermine our shared goal of improving access to lifesaving treatments.

Thanks to the Bayh-Dole Act, federally funded research has led to the discovery, commercialization and utilization of innovations that make life better and safer in America. That is because the Bayh-Dole Act creates partnerships among universities, nonprofit organizations and the private sector to turn federally funded research into products, such as medicines and treatments, environmental technologies, defense applications and a range of commercial goods. It has spurred the creation of many small businesses and startups. Prior to the act, federally funded research did not have such high levels of utilization or commercialization, and partnerships between universities, nonprofit organizations and the private sector to develop consumer products from federally funded research were not as prevalent as they are now.¹ Accordingly, manufacturers respectfully urge you to exclude provisions from the PAHPA that would reduce the positive impact of the Bayh-Dole Act by imposing price controls on products developed through the innovation spurred by these partnerships.

In addition, proposals that would require an entity that has received federal funding to enter into a price agreement with the government prior to receiving a patent would alter long-standing precedent regarding the government's interest in public-private partnerships and deter innovation. As outlined in the NAM's recent analysis, for more than three decades, America's biopharmaceutical industry has been the world leader in the development of new medicines.² America's leadership has been fueled by factors such as federal investment in life sciences

¹ <https://ipwatchdog.com/sessions/technology-transfer-biden-administration-2022/>

² National Association of Manufacturers, *Ensuring a Healthy Future: The Impact and Importance of Pharmaceutical Manufacturing*, available at <https://www.nam.org/wp-content/uploads/2021/09/ENSURING-A-HEALTHY-FUTURE.pdf>.

research, strong intellectual property protection, effective technology transfer policies, incentives to invest and drug pricing policies that encourage drug development.

The existence of strong IP protections makes it possible for health care companies to identify, develop and deliver innovative solutions to some of the world's most prevalent and challenging health issues. The development of new medicines demands tremendous financial investment, many years of intensive effort and a willingness to accept significant risk. While public-private partnerships are important in stewarding new drugs to market, pharmaceutical companies bear almost the entire cost of discovering new drugs, ushering them to approval and scaling them through manufacturing. In 2019, for example, the industry invested more than \$83 billion in R&D, all of which was aimed at developing drugs.³ In contrast, less than 9% of the National Institutes of Health's fiscal 2019 budget of \$39 billion was focused directly on research related to drug development.

Price controls put all of these advancements and progress at risk. They restrict the supply of medicines to patients, discourage competitiveness and undermine the free enterprise system that forms the bedrock of our economy and way of life. As such, price control language should be excluded from the PAHPA. We look forward to continuing to work with you to reauthorize this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chis Netram', with a stylized, cursive script.

Chis Netram

³ *Id.*