

August 17, 2006

The Honorable Richard Alarcon
California State Senate
State Capitol, Room 4035
Sacramento, California 95814

Re: Senate Bill 452 -- Oppose

Dear Senator Alarcon:

On behalf of the Biotechnology Industry Organization (BIO), I am writing to express our concern with SB 452, a bill that would require the Department of Health Services to submit an annual report to the governor comparing drug prices on the formularies for Medi-Cal and the AIDS Drug Assistance Program with prices for comparable drugs on the lowest of any published federal drug formulary.

BIO is the national trade association for the biotechnology industry, representing more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and 31 other nations. Our members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products, with over 300 biotech drugs in clinical development addressing cancer, heart disease, Parkinson's, Alzheimer's and other intractable diseases. In California we work closely with our three affiliate organizations, California Healthcare Institute (CHI), BayBio and BIOCOM, and the industry and educational members they represent across the state.

Our primary concern with SB 452 is that the proposed annual report attempts to compare prices among therapies that are available in various forms, and will not provide a useful comparison for the state to make decisions related to the pricing of pharmaceuticals. BIO believes that it is neither feasible nor advisable to compare biologic therapies in this way. Biological therapies include therapies that must be injected, infused, or

inhaled. Because of these unique and variable administration forms, it would be extremely difficult to determine price comparisons for these therapies. The dosage for these types of therapies does not translate into specific treatment classifications.

It is also not appropriate to compare prices of biological therapies that may fall in the same therapeutic class. Injectables in the same class may have very different dosages, and any effort to evaluate these therapies on a comparison basis would fail to take into account the variety of doses and the frequencies of administration that exist across individual indications and patient populations within each product class. For example, a range of chemotherapy treatments may be prescribed for therapy regimens of different doses and duration. Dosing will depend on the type of cancer being treated, the length and frequency of the course of therapy, and the patient's individual physiological responses to the therapy. Depending on the type and duration of therapy, the level of supportive care needed for a patient may vary. As a result, price comparisons of therapies within classes of injectables would be essentially meaningless, because such comparisons would tell the state very little about the costs of an individual patient's treatment.

We strongly encourage members of the California Assembly to oppose SB 452. Thank you for your consideration. If you have any questions, please feel free to contact me at (202) 962-9200.

Sincerely,



Patrick M. Kelly
Vice President
State Government Relations
Biotechnology Industry Organization