

February 24, 2005

Honorable George Pataki
Governor, State of New York
Capitol Building
Albany, New York 12224

Dear Governor Pataki,

On behalf of the New York State Biotechnology Association Board of Directors and over 260 NYBA member companies, we are writing to express deep concern that New York is considering approval of Preferred Drug Program and Supplemental Rebates for Medicaid. **We urge you NOT to move forward with the PDP or price controls (in the form of Supplemental Rebates) in New York State.**

We are very grateful for your leadership of this state and actions you have taken, through the creation of the Centers for Excellence, Ge*NY*sis, and other programs which have put New York in a better position to become a biotech leader and a premier place for life sciences research. It is our hope that your administration will continue to insure a legislative and regulatory environment that encourages innovation and allows for access to state-of-the art medications.

From the perspective of the biotechnology industry, a Preferred Drug Program & Prior Authorizations (which create bureaucratic obstacles for physicians and patients to access state-of-the art medicines) and Supplemental Rebates (which are direct price controls) are completely contrary to the goals of Ge*NY*sis, the Centers for Excellence, and other initiatives which are designed to encourage innovation and to promote biotechnology development for New York State. New and higher cost medications (including biotech discoveries) will become primary targets for exclusion from Preferred Drug Program, for Prior Authorization, and for Supplemental Rebates.

The ultimate success of, the Centers for Excellence, Ge*NY*sis, and other efforts to make New York a biotechnology leader, largely depend on patients having access to the new medicines that are developed. Recent discoveries such as the mapping of human DNA, advances in computer technologies and the construction of super small machines that work at the cellular and molecular levels have been combined together to fashion a new generation of vaccines, drugs, and diagnostic tools. This revolution in research and development in health care will allow the creation of more effective treatments and cures for illness.

Job Growth and economic development in the area of life sciences, which your administration has done so much to encourage, will be greatly impeded by imposing pharmaceutical price controls in New York State. The threat of pharmaceutical price controls in New York State has already begun to have a chilling effect in reducing job growth and investments on the part of in the pharmaceutical sector. Biotechnology companies, premier research-based universities, and many other New York institutions rely heavily on the investments of the pharmaceutical industry. The proposed PDP and Supplemental Rebates will go a long way to worsening an already troubling environment for life sciences research in New York State.

Moreover, implementing Preferred Drug Lists, Prior Authorization, and Supplemental Rebate will have no real benefit for patients and will not save overall health care costs. There are a myriad of studies available, which demonstrate that restricting formularies increase rather than decrease overall health care costs and have negative impacts on patient care.

For all of the reasons mentioned, **we urge you NOT to enact a Preferred Drug Program, or Supplemental Rebates in New York State.**

Thank you for consideration of our views on this issue. We would be pleased to discuss this issue further with you at your earliest convenience.

Sincerely,

Karin A. Duncker
Executive Director
NYBA