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BIOTECHNOLOGY
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ORGANIZATION

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November 20, 2003

The Honorable William M. Thomas
United States House of Representatives
2208 Rayburn House Office Building
Washington, D.C. 20510

Dear Representative Thomas:

We represent the more than 1,000 biotechnology companies, academic institutions, state biotechnology centers and related organizations in all 50 U.S. states, and we are pleased to support the Medicare prescription drug bill that has recently emerged from conference and urge its swift passage. The agreement conforms closely to BIO's principles and is of critical importance to the millions of patients who will benefit by having access to the most innovative and effective drugs.

The Medicare prescription drug bill provides drug coverage to all senior citizens, providing financial protection against out-of-pocket expenses and protection to those most in need first, while protecting the future of Medicare. It relies on the private sector and market competition, creating new choices for Medicare beneficiaries and a framework that will help prevent undue government involvement that could lead to innovation-chilling price controls.

The Medicare bill also restores access to drugs and biologics already covered by Medicare by setting reimbursement floors for biotech medicines used in hospital outpatient centers. Additionally, it contains a prohibition on

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the future imposition of "functional equivalence" that will preserve beneficiary access to innovative products by preventing CMS from declaring that two products are "functionally equivalent" for the purposes of reimbursing them at the same level. Finally, it also provides for faster coverage of new technologies in the inpatient setting and for more streamlined regulations in the Medicare program.

We thank the congressional leaders who have listened to our concerns, as well as those of the patient community, who worked hard to make this bill a reality. We urge you to see this historic legislation through to final passage this year.

Sincerely,

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