

**Testimony of Robert K. Coughlin**  
**President & CEO, MassBio**  
**Joint Committee on Financial Services**  
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Thank you, Chairman Eldridge, Chairman Michlewitz and esteemed members of the committee for allowing me to join you today.

My name is Bob Coughlin and I am President & CEO of MassBio, a trade organization representing more than 650 life sciences companies, academic institutions, service providers and patient organizations, the majority of which are directly engaged in the research, development and manufacturing of innovative products that solve unmet medical needs for patients around the world.

We are excited to begin a conversation on the value of innovative medicines being discovered and developed right here in the Commonwealth.

I'm sure you have seen headlines and will hear testimony today about the cost of prescription drugs. Out of context, I understand how the price tags reported for some of the latest life-saving treatments and cures can seem daunting.

But the fact of the matter is that new science—the increasing use of precision medicine, gene therapies that actually eradicate the underlying genetic defect causing some diseases—will benefit the overall healthcare system and in the context of lifelong healthcare expenditures, save money.

Prescription drugs are only 10 percent of the overall cost of healthcare. In fact, prescription drugs have remained just 10 percent of healthcare cost since the 1960s and are projected to remain at that level well into the future. CMS has actually lowered the projected prescription drug spending growth rate for Medicare and Medicaid programs to 5.9% through 2022.

As quickly as innovative medicines are coming to market—remember it takes more than 10 years to bring a drug through the scientific and regulatory processes required—older drugs are coming off-patent and available as generics. This is a well-established and well-regulated pressure valve in the system that ensures we balance cost and innovation in healthcare.

Here in Massachusetts, we are developing breakthrough therapies aimed at treating and curing the most devastating diseases affecting society today. Homegrown companies like Biogen, Genzyme, Shire, bluebird, Foundation Medicine, companies that have become a true economic engine here in Massachusetts, are investing hundreds of millions of dollars into research and development while knowing that only one in 10,000 discoveries will actually make it to market.

Earlier this week I had the honor of attending the American Cancer Society's advocacy breakfast. There, we heard from Tara Shuman, a 35 year old, mother of two, diagnosed with triple positive breast cancer in 2012. Tara told the audience that during her treatment, her mother prayed to the Herceptin gods, referencing the treatment that spun out of UCLA, was brought to market with 12+ years of investment

by Genentech and then approved by the FDA in 1998. While Herceptin is part of the standard of care in breast cancer treatment now, its path to market was far from a sure bet. Today, Herceptin has saved countless lives, lives like Tara Shuman's, because patients were allowed the access to a revolutionary treatment.

We at MassBio just completed Impact 2020, our strategic report on where the industry is headed and what we need to do as an ecosystem to stay on top. For the first time, we worked together with payers and providers in researching that report and in understanding the recommendations. While we don't agree on everything, there is one common denominator—the patients. Let's keep the patient front and center in this conversation as the legislative session unfolds.

Thank you again for your time today, and we look forward to continuing to work with you all.