



Biotechnology Innovation Organization  
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March 23, 2023

Chair Liebling and Members of the  
House Health Finance & Policy Committee  
State Office Building  
St. Paul, MN 55155

***RE: HF 2900: Article 8, Sec. 12: Value-Based Purchasing Arrangements***

Chair and Members of the Committee,

I am writing on behalf of the Biotechnology Innovation Organization, the world's largest trade association representing biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. I appreciate the Governor and Department for including value-based purchasing arrangements in HF 2900.

BIO and its member companies are committed to ensuring patients have timely access to the innovative treatments they need. BIO strongly supports states working together with the department and biopharmaceutical manufacturers on voluntary, alternative payment strategies that balance patient care and positive health outcomes against the needs and limitations of the states' finite resources.

We are moving into an unprecedented time in the world of health care and biopharmaceuticals – pivoting from treating the symptoms of rare, genetic and life-threatening conditions to actually addressing the underlying cause of disease through gene and cell therapies. This transition is happening because of the incredible innovation taking place at hospitals, research institutions and biopharmaceutical companies throughout the world, including in Minnesota like the Mayo Clinic. We must be able to match the innovation happening in research and development with innovation in the world of financing and reimbursement. Our current models for reimbursement are out-of-date and do not adequately address the changing paradigm.

The inclusion of value-based arrangements in HF 2900, would allow DHS to establish a more sustainable and predictable approach to financing and reimbursement for these incredible [gene and cell] therapies through value-based arrangements. These alternative financing approaches will allow DHS to realize the incredible potential for cost offsets over time but also, and more importantly, create a positive coverage landscape for patients who could benefit most from these innovative therapies.



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BIO supports innovative negotiation between states and biopharmaceutical companies, which will, in turn, help ensure patient access to necessary therapies. We believe that alternative payment models, have merits to both states and biopharmaceutical companies. It is imperative that policymakers understand the variety of arrangements that exist and provide flexibility to ensure new models can be developed as health care evolves and new medications are developed. These new innovative payment models enable states to provide patients access to groundbreaking, lifesaving, and life-changing therapies while potentially meeting state budget needs.

If passed, the bill would continue to ensure Minnesota is at the forefront of medical innovation – being just one of a handful of states (AL, AZ, CO, LA, MA, MI, NC, OK, TX and WA) that have received clearance from the Centers for Medicare and Medicaid Services (CMS) to enter in to value-based arrangements with manufacturers in Medicaid (also, the fourth state to pass legislation enabling this pathway: OH, PA and TX).

For these reasons, BIO and its member companies strongly supports its inclusion in HF 2900, allowing DHS to establish a more sustainable and predictable approach to financing and reimbursement for these incredible therapies through value-based arrangements.

Thank you,

A handwritten signature in blue ink that reads "Lilly Melander".

Lilly Melander  
Director State Government Affairs  
Biotechnology Innovation Organization