



By John Laub

Biotechnology is one of the fastest growing industries in Nevada, due in large part to strong economic development plans focused on the life sciences that have been supported by both Gov. Brian Sandoval and our Legislature.

Our state is home to renowned research centers such as the Lou Ruvo Brain Institute and the Nevada Center for Biomedical Research. These world-class institutions are leading the fight to better target, cure and treat devastating diseases such as Alzheimer's, Parkinson's, Multiple Sclerosis, Huntington's disease, and autism.

As a long-time biotech entrepreneur in Nevada, I know well that the steps from research and development to delivering a beneficial therapy are long and costly. For this reason, I am concerned that a legislative proposal under consideration in Carson City could harm the progress our state has achieved in building our impressive biomedical ecosystem. If adopted, [Senate Bill 265](#) would have serious unintended consequences on future investment in biomedical innovation in our state.

Like most people, I am concerned with affordability of healthcare, so I was not surprised that the Legislature is interested in tackling this important issue. Unfortunately this bill won't achieve this goals but instead will require biopharmaceutical companies to publicly disclose a variety of proprietary and competition-sensitive information about costs and other related matters.

The failing of this bill is that it does not recognize the well-established fact that profits from a handful of approved biopharmaceutical medicines must subsidize thousands of research failures. Ninety percent of all new biopharmaceuticals in development do not gain government approval. That is to say, the investment of time and money into a particular biopharmaceutical almost always comes to a dead end. Today, more than 70 percent of clinical trials are being conducted by small companies. Most of them do not have a product on the market and rely on investment to fund their research.

The only way small research-intensive companies survive is because investors are willing to take huge risks and put significant financial resources behind our ideas. This risk-taking is based on the expectation that the 10 percent of successful research endeavors will help support the failures that occurred along the way. However, so-called "transparency" legislation treats each prescription biopharmaceutical in isolation and puts an artificial

government price target on the few successes, while neglecting to account for the costly failures.

This bill also conflates the list price of a biopharmaceutical with the actual price to the consumer. In truth, the list price is just the beginning of a complex series of negotiations among sophisticated and powerful commercial players such as wholesalers, pharmacy benefit managers and insurance companies. The result is an actual price that is often much lower. Furthermore, biopharmaceuticals are often subjected to government-mandated discounts on top of the discounts negotiated with these commercial middlemen. And the out-of-pocket cost to patients are largely determined by insurance company policies.

Nevada's biopharmaceutical industry welcomes an honest dialogue about the cost of our total health care system and how we can work together to lower those costs. Unfortunately, this bill will do nothing to promote this dialogue, nor will it help patients or payers better understand their true healthcare costs. It will serve only to add more risk to our already risky business model and dampen the incentives that make it attractive to invest in Nevada's biopharmaceutical companies.

This bill will not lower patients' out-of-pocket costs or shed light on the tens of billions of dollars on prescription medicine spending that goes to pharmacy benefit managers and other middlemen. Instead, it risks harming Nevada's innovative biopharma companies by placing new reporting burdens on smaller companies, forcing them to spend their resources on lawyers instead of scientists.

John Laub is a lifelong Nevadan and the president of the [Nevada Biotechnology and Health Science Consortium](#). He is also the President of the Las Vegas Medical Marijuana Association as well as Chairman of the UNLV College of Sciences Advisory Board. He is a member of the board of directors for the National Atomic Testing Museum. He is also the founder of the CEO-CFO Group in Las Vegas and Phoenix.