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Delaware business: Keeping America's lead in medical innovation

Industry seeks tax credits and support

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WILMINGTON -- The United States must invest more aggressively and stress development of more scientists if it is to retain its position as the worldwide leader in medical innovation, with the burden falling on government and community leaders to foster growth, former U.S. House Majority Leader Richard Gephardt said Friday.

Gephardt, speaking at a conference at Delaware Technical and Community College, said government should pour more money into finding cures for illnesses and make it easier for biomedical companies to move new drugs and technologies through the regulatory pipeline.

Doing so, he said, would boost job growth and the economy.

"We've got to move forward with an aggressive medical agenda," said Gephardt, who now chairs The Council for American Medical Innovation, a coalition of medical research leaders that includes major pharmaceutical firms. "Simply stated, we're failing to attract the public and private cooperation that will create jobs and ultimately cure devastating diseases."

The morning event was hosted by the Delaware BioScience Association and included Gov. Jack Markell, who said one of his objectives is to create a friendly atmosphere for the medical research industry.

"It is critical to our national and economic interests that we own medical innovation in the future as much as we owned mechanical innovation in the past," Markell said. "Big and serious companies are moving medical companies overseas. ... We want these companies to stay here and grow here."

He listed several Delaware companies that employ biomedical researchers, such as pharmaceutical giant AstraZeneca, a British firm that has its U.S. headquarters in Fairfax, and the Fraunhofer USA Center for Molecular Biotechnology in Newark. About 11,500 Delawareans were employed in the biopharmaceutical sector in 2008, according to a study by the University of Delaware's Center for Applied Demography & Survey Research.

AstraZeneca's U.S. president, Rich Fante, said industry needs "a business environment that nurtures innovation."

Released at the conference was a 62-page report that focused on problems in the current U.S. medical technology system and suggested improvements. The report was essentially a compendium of interviews with 72 experts in the biomedical and capital investment industry, as well as advocacy groups leaders.

Four major themes from the report emerged:

• More public/private partnerships are need to bring research to market.

• Government needs to provide better research and development tax credits and adopt favorable tax policies to keep manufacturing jobs stateside.
• The U.S. Food and Drug Administration regulatory process must be overhauled so new drugs and devices can be evaluated sooner.

• The bioscience curriculum in public schools must be significantly enhanced.

Gephardt said more young people should be encouraged to enter the medical science fields. He said the Patient Protection and Affordable Care Act -- Congress' massive healthcare reform law -- contains provisions that foster medical innovation.

"It's incumbent upon our nation to do everything we can to be sure we're cultivating the next generation of scientists," Gephardt said.

But not everyone was as convinced that friendlier government policies would produce economic growth.

Sheldon Krimsky, author of "Science in the Private Interest: Has the lure of profits corrupted biomedical research?" agreed that the U.S. should indeed take steps to mint more scientists. But public-private partnerships and government incentives have been in place since the late 1970s.

"They're repeating the same things as in 1979 -- that competitiveness requires the government to pour more money into partnerships with the industry," said Krimsky. He noted that drugs, such as COX-2 inhibitors, were approved by the FDA and later found to have deadly side effects.

"Some of the drugs that have gotten through shouldn't have gotten through," he said. "And on the discovery side, we're still doing very well. Our competitiveness in the world should not necessarily be in producing the next set of drugs -- we already take too many drugs."

Others were concerned that an outsized emphasis on cutting-edge drugs and equipment will not aid efforts to hold down the cost of medical care.

A 2008 report by the Robert Wood Johnson Foundation, a health care think tank, found that medical technology may account for two-thirds of annual spending growth. And determining whether technology leads to lower costs in the long run is tricky.

In health care, it has not led to lower costs since the technology has not replaced workers, according to the Employee Benefits Research Institute, an economics think tank.

Gephardt said disorganization is the biggest driver of costs.

"I think technology will ultimately reduce health care costs," he said.