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October 24, 2013

The Honorable Patty Murray  
Budget Committee Chairman  
624 Dirksen Senate Office Building  
United States Senate  
Washington, D.C. 20510

The Honorable Paul Ryan  
Budget Committee Chairman  
207 Cannon House Office Building  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Jeff Sessions  
Budget Committee Ranking Member  
624 Dirksen Senate Office Building  
United States Senate  
Washington, D.C. 20510

The Honorable Chris Van Hollen  
Budget Committee Ranking Member  
B71 Cannon House Office Building  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairmen Murray and Ryan and Ranking Members Sessions and Van Hollen,

On behalf of Research!America, the nation’s largest advocacy and public education alliance committed to advancing medical research and development and health research, I am writing in regard to the important work ahead of the budget conference committee.

Research!America appreciates the importance of addressing the federal deficit and growing national debt. However, we are concerned that Congress is actually exacerbating the fiscal imbalance by arbitrarily drawing down discretionary spending that not only fulfills the day-to-day priorities of Americans but is essential for ending our nation’s deficit and indebtedness.

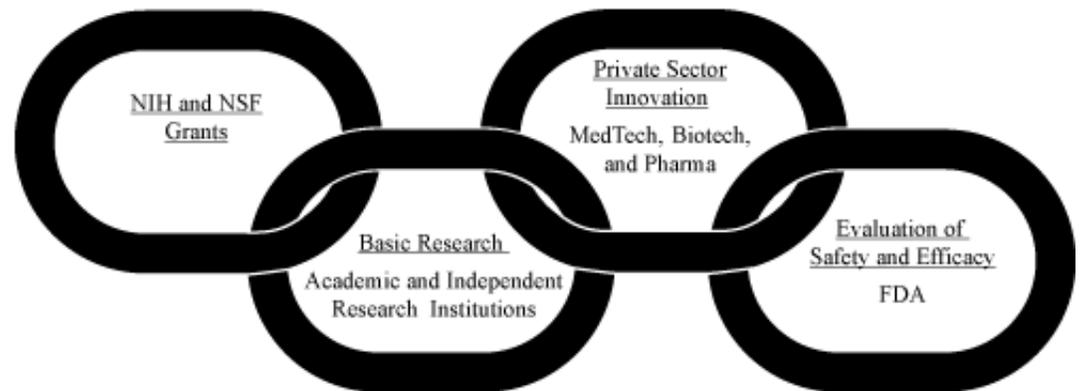
Cuts to medical research funding precipitated by sequestration are a concrete example of discretionary budget cuts that actually compromise the goals of deficit and debt reduction. The reasons include:

- 1. Federal funding for basic medical research is integral to our nation’s research ecosystem. Economists from across the ideological spectrum—from adherents of an active government to those who believe in less government—agree that robust federal funding of basic medical research is a necessity. As conservative economist Gary Becker noted: “Modern economies are based on the command of knowledge and information. Since knowledge is created by basic and applied research, the United States should increase the share of its GDP that is spent on R&D, a share that has been stable at a little more than 2.5%. The patent system encourages applied research, but basic research, in medicine and other fields, is not patentable, so it needs, and has received, an extra push through subsidies.”

The U.S. bioscience sector is the largest and most productive in the world, with more than \$600 billion in annual revenue. Some 80% of all pharmaceutical R&D is conducted in the

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United States, and the majority of the world's biotech and medical technology companies are located here. As global demand for more sophisticated health interventions grows, our nation's bioscience sector should become an increasingly important force behind our nation's GDP. But it cannot thrive without the federal funding the National Institutes of Health (NIH) and the National Science Foundation (NSF) channel to universities and other research institutions.



Break the chain and our economy, our ability to balance the federal budget, and patients today and tomorrow will pay the price.

2. Medical research is an imperative in the tremendously difficult task of addressing what is destined to become the number-one issue in deficit and debt reduction: federal health spending. Health spending accounts for more than 20% of the federal budget, and that percentage will only grow as our population ages. Prescription drug utilization accounts for only 10% of U.S. health care spending. We need to bring hospital readmissions, home health care and other big ticket items under control. Advances in medical research will help prevent and slow the onset of disabling chronic diseases that require both acute and ancillary health services. Delaying the admission of Alzheimer's patients into nursing homes by just one month would save \$1 billion per year—twice the NIH budget for Alzheimer's research. Medicaid covers one in three nursing home residents. Chronic diseases account for 75% of the nation's health care spending and as more patients require labor-intensive ancillary and hospital services, medical research to prevent and diminish the symptoms of these diseases will become more important than ever.

According to Research!America polling, a majority of Americans have consistently supported federal funding of medical research. In fact, a majority would pay more in taxes if they knew the dollars were going to medical research. Our polling also indicates that Americans are losing faith in our nation's capability to remain the global leader in medical innovation. Fewer than half of Americans believe we will be the world leader in science and technology in 2020. You have the power and the responsibility to prove them wrong.

We urge you to eliminate sequestration and, as a first step toward aligning funding for medical research with all its significance to America and Americans, restore the funding cut from this year's sequestration. Deficit reduction requires smart tax and entitlement reforms—reforms that do not move us one step forward and two steps back by compromising private sector medical innovation. We hope you set the stage for those reforms as part of your work this fall.

Under separate cover, I will ask you to take into consideration one more letter from Research!America that will focus on other disciplines within health research, including health services research, health economics research, public health research and the range of other scientific pursuits that, among their other benefits, are indispensable to protecting Americans from pandemics and other disease outbreaks and eliminating waste, fraud, abuse, duplication, unnecessary and sub-optimal care, and deadly medical errors from our health care system.

Thank you for your consideration

Please do what is right and what is smart: Continue to fuel the medical research pipeline, and replace sequestration with courageous decision-making that leads to fiscally responsible tax and entitlement policy.

Sincerely,

A handwritten signature in cursive script that reads "Mary Woolley". The ink is dark and the signature is fluid and legible.

Mary Woolley  
President and CEO, Research!America

cc: Conference Committee Members