



A Member of the Roche Group

June 22, 2015

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Johnny Isakson
Senator
Committee on Finance
United States Senate

The Honorable Mark Warner
Senator
Committee on Finance
United States Senate

RE: Request for Input on Ways to Improve Outcomes for Medicare Patients with Chronic Conditions

Dear Chairman Hatch, Ranking Member Wyden, Senator Isakson, and Senator Warner:

Genentech commends the Senate Finance Committee's continued interest in improving the quality of care for Medicare beneficiaries living with chronic illnesses. We applaud the formation of a working group, which will seek healthcare stakeholder input to inform chronic care policy development by the Finance Committee. We appreciate the opportunity to provide the perspective of a science-based company that is actively engaged in developing new treatments for chronic conditions.

Genentech, a member of the Roche Group, is a leading biotechnology company that discovers, develops, manufactures, and commercializes medicines to treat patients with serious or life-threatening medical conditions. Americans of all ages, ethnicities, and income levels are prescribed and administered our products. We are among the world's leading biotech companies, with multiple products on the market and a promising development pipeline. The Roche Group is pioneering personalized healthcare solutions, with a systematic approach that interweaves our pharmaceutical and diagnostic expertise to provide healthcare professionals with more powerful diagnostic tools and targeted treatments. We have a sincere commitment to bring real medical value to patients and healthcare providers, and help ensure that as many people as possible can access our life-saving treatments. Genentech firmly believes that a strong partnership between industry and government is essential to providing the best and most innovative products for patients.

Below, please find our feedback on issue areas identified by the Senate Finance Committee Chronic Care Working Group. Specifically, Genentech offers comments related to three issue areas:

Transformative policies that improve patient outcomes through Alternative Payment Models (APMs): Genentech believes alternative payment models and care delivery models have great potential to achieve the “triple aim” of higher quality of care for individuals, better health for populations, and lower per capita costs. We also believe these goals must—and can—be structured to capture the value of new and emerging treatments over time, without discouraging innovation.

The effective use, coordination, and cost of prescription drugs: Genentech believes personalized healthcare (PHC), which is based on the observation that patients with the same diagnosis react to the same treatment in different ways, represents a unique opportunity to increase the effective use of prescription drugs. Making personalized healthcare a reality for as many people as possible will require innovative pricing models for prescription drugs that differentiate the price to reflect the benefit that the treatment delivers to patients.

Ideas to effectively use or improve the use of telehealth and remote monitoring technology: Genentech believes remote monitoring and telehealth can facilitate efficient patient management by allowing physicians to identify changes in their patients’ symptoms and enabling them to make adjustments to treatment between clinic visits and prior to patients having to go to the emergency room.

These issues are discussed in more detail below.

Transformative policies that improve outcomes for patients living with chronic diseases either through alternate payment models (APMs)

APMs can provide increased efficiency and care coordination for patients with chronic diseases. However, without careful attention to how APMs are structured, these models can penalize providers that furnish the appropriate level of personalized care. APMs that focus mainly on cost containment can limit patient access to innovative therapies by establishing incentives for providers to prescribe less expensive drugs even when a newer or more expensive option might work better. Therefore, CMS should be required to examine and identify mechanisms with APMs that account for the emergence of new technologies and the evolution of medicine and science.

It is also critical that APMs are not structured for short-term savings over the long-term savings attributable to appropriate management of chronically ill patients. Establishing appropriate oversight of patient outcomes will ensure patient access to the most clinically appropriate treatment, improved health outcomes for beneficiaries, and

potentially decreased Medicare expenditures through reductions in avoidable hospital and clinic visits.

APMs must also incorporate a risk-adjustment methodology that appropriately accounts for the severity of disease and complexity of care being delivered. This would ensure that patients continue to access the most appropriate treatment and that providers who treat sicker patients are not unduly penalized. In cancer, for example, treatment costs for the earlier stages of cancer may differ significantly from treatment costs for more advanced disease or treatment costs associated with recurrence. Therefore, APMs must employ a risk adjustment approach that accounts for severity of disease and staging to enable appropriate selection of treatment for individual cases and facilitate improved clinical prognosis.

The effective use, coordination, and cost of prescription drugs

Personalized healthcare represents a unique opportunity to increase the effective use of prescription drugs in beneficiaries with chronic conditions. Progress in science has resulted in the development of products that can treat a variety of indications, but the response to treatment in these different indications can vary considerably. We also have discovered that there is often more than one approach to tackling a disease, which can mean a patient needing a combination of medicines to achieve optimal outcomes. Genentech is convinced that a personalized approach to healthcare is key to further improving the effective use and cost of prescription drugs, especially in cancer.

Genentech acknowledges that public and private payers have an increasing interest in containing healthcare costs due to limited financial resources. Given healthcare funding constraints, our innovative treatments may remain beyond the reach of many patients in need. This has led us to design some new pricing models, which we believe will improve affordability of, and access to, our life-saving treatments. We would like to partner with the government to explore new drug pricing models that are tailored to the benefit the product delivers.

As an innovation-driven company, Genentech is committed to the systematic pursuit of personalized healthcare approaches throughout the lifecycle of our products. We are equally committed to entering a dialog about the value created by personalized healthcare solutions and the development of new pricing models that differentiate the price to reflect the value that our innovative medicines deliver.

Ideas to effectively use or improve the use of telehealth and remote monitoring technology

It is critical to prevent unnecessary admissions and emergency room encounters for Medicare patients with chronic care diseases. Asthma is one of the most common comorbidities within this population and (if uncontrolled) can result in ER visits and

admissions. Remote monitoring by physicians and practitioners would allow for more ongoing reporting of symptoms so patients could be actively managed with changes in their medication or other services. The technology exists to do so and has been tested in many small-scale studies. Practitioners, however, would need to be held to improving these outcomes. In addition, right now there are no star measures for asthma in Medicare Advantage, thus little incentive to manage for those outcomes.

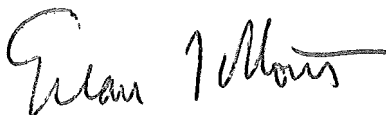
Similarly for the disabling condition of rheumatoid arthritis, the combination of remote monitoring with patient reported outcomes for pain and functional ability will keep patients better monitored using the most appropriate therapy to manage their condition. Keeping seniors active will lead to overall better health outcomes. The federal government should prioritize assessing how this explosion of new self-monitoring technologies can be used to help practitioners work with patients to improve outcomes. It must be incorporated into the reimbursement base for providers.

We believe telemedicine has the ability to improve efficiency and help overcome health delivery challenges, such as improving access to medical specialists. Evidence has shown significant benefit of telemedicine to effectively diagnose and treat patients suffering from a stroke. We believe that expanding Medicare coverage of telestroke services to geographic regions outside of rural areas (such as urban and suburban areas) would have significant benefit on outcomes of Medicare beneficiaries. The original limitation to rural areas helped meet basic needs in the community, but as healthcare and practitioners become more specialized, hospitals need access to vascular neurologists, a specialty in short supply, regardless of locations.

Conclusion

Again, Genentech appreciates the opportunity to comment on chronic care reform in the Medicare program, and the Committee's willingness to collaborate with all healthcare stakeholders to improve health outcomes for Medicare beneficiaries with chronic conditions. We look forward to engaging with the Working Group as it leads efforts in chronic care reform policy development. Should you need any additional information, or if Genentech can assist you in any way, please feel free to contact me at 202-296-7272.

Sincerely



Evan L. Morris

Senior Vice President, Government Affairs
Genentech, a member of the Roche Group