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Venture Capital Industry Meets with Congress to Discuss Improved Pathways to Medical Reimbursement and Life Sciences Public Policy

Two NVCA Reports Cite Critical Venture Capital Contributions to Medical Innovation

July 26, 2007, Washington, DC – Members of the National Venture Capital Association (NVCA) will today brief U.S. Congress’s House Medical Technology Caucus on the industry’s recommendations for further improving the efficiency, transparency and predictability of the Centers for Medicare & Medicaid Services (CMS) reimbursement process for novel, high value medical technologies. The meeting follows two recently published NVCA reports - a white paper detailing the industry’s recommendations on improving the CMS reimbursement process and the 2007 edition of *Patient Capital: How Venture Capital Investment Drives Revolutionary Medical Innovation*.

NVCA members will educate the Caucus on the value of a timely, efficient, and consistent reimbursement process to Medicare beneficiaries – access to state-of-the-art, innovative, novel technologies that can greatly improve patients’ quality of life. Conversely, an inefficient process plagued by administrative and procedural barriers creates a regulatory environment that leads investors to back product areas within less risky, more predictable regulatory environments and not necessarily those with the greatest clinical benefits for patients.

“Venture capital investment has made an unparalleled contribution to medical innovation through our investment in the life sciences industry and we are committed to fostering an environment conducive to the further success of emerging life sciences companies,” said Mark Heesen, president, National Venture Capital Association. “Given this distinction, we are pleased to have been asked to share with Congress our perspective on how to most effectively bring medical innovations to patients and clinicians. While CMS has already embraced broad initiatives to improve the reimbursement process, the interests of all stakeholders could be further served by taking additional steps,” Heesen added.

The recommendations presented to the Caucus today were centered around improving the transparency and streamlining the path for novel technologies which comprise new products that have no precedence for reimbursement. The NVCA is calling for an expanded, ombudsman role for the Council on Technology and Innovation, better process descriptions, and more explicit timeframes for decisions. The Association is also recommending that devices that are undergoing expedited reviews at the FDA should be granted simultaneous review at CMS.

“Today venture capitalists are investing in the next wave of medical breakthroughs. It is critical that we improve and accelerate the path of these novel technologies so that the most innovative

treatments can be delivered to the American people as efficiently as possible,” said Jack Lasersohn, partner, The Vertical Group. “We appreciate Congress’s recognition of the importance of this process and venture capital’s role in medical innovation overall.”

Further substantiating venture capital’s contribution to the improved quality of life for millions of medical patients, the NVCA today released the second edition of *Patient Capital*. The report highlights the multiple medical breakthroughs that have been brought to market by billions of dollars of venture capital investment in life sciences companies. These innovations include cancer fighting drugs and therapies such as Herceptin, Avastin, MRIs and Ultrasounds; heart disease treatments such as angioplasty, pacemakers, Integrilin, and stent grafts; and diabetes management tools such as glucose self-monitoring devices and human insulin.

In 2006 alone, venture capital investment totaled \$7.2 billion in emerging life sciences companies, representing 28 percent of all venture capital investment. It is estimated that venture capital investments over the past 20 years have positively impacted one out of every three Americans.

The report also illustrates the depth of venture-backed companies’ economic contributions in terms of job creation and revenue generation. Venture-backed companies in the life sciences space include Genentech, Amgen, Boston Scientific Corporation and Kyphon. These companies and others accounted for more than 490,000 jobs and \$132 billion in revenue in 2006.

“The revolutionary medical breakthroughs produced by venture capital-backed companies amount to highly tangible and valuable improvements to people’s lives,” said Mark Heesen, president, National Venture Capital Association. “Today, small venture-backed companies often serve as the research and development pipeline for the larger life sciences corporations who seek to acquire the most promising innovations. It is critical that Congress support public policies that foster this investment to ensure a stable pipeline of innovation for generations to come,” Heesen added.

For a full copy of the CMS white paper or *Patient Capital: How Venture Capital Investment Drives Revolutionary Medical Innovation*, please visit the NVCA website at www.nvca.org.