PULSE
PARTNERSHIP FOR THE
US LIFE SCIENCE ECOSYSTEM

Life Sciences Mergers and Acquisitions (M&A)

Facilitating Innovation and Fueling Competition

Mergers and acquisitions (M&A) are unique in promoting a more competitive and innovative American life sciences industry by supporting companies of all sizes in advancing new treatments and cures for patients.

Life Sciences M&A Facilitates Innovation

Life sciences companies engage in M&A to "pass the baton" and connect promising treatments and cures to the significant resources, investment and expertise needed to bring them to patients. Life sciences M&A is fundamentally about improving companies' chances of successfully bringing these breakthroughs to patients, by **allowing companies of all sizes to specialize in what they do best and partner when it makes sense**.

Life sciences companies often use M&A to advance complex scientific discoveries through clinical trials—a long and risky process that is vital to our understanding of how to treat a disease. **Companies may also look to M&A to access the commercial resources and experience** needed to obtain regulatory approval and bring new treatments to patients.

Passing the Baton

Unlike other parts of the health care supply chain, **the biopharmaceutical industry includes thousands of companies** focused on a wide range of diseases and treatment approaches. **But 80% of them operate without a profit.** Even for companies that could secure the significant investment needed to bring a new medicine to market, duplicating full-scale, in-house capabilities is often an inefficient use of resources and can delay a new therapy from reaching patients in need.

The nonpartisan Congressional Budget Office (CBO) has asserted that, "In making [an] acquisition, a large company might bring a drug to market more quickly than the small company could have or might distribute it more widely." **This framework facilitates an efficient allocation of funding, resources and expertise** across America's highly innovative life sciences ecosystem.

Life Sciences M&A Fuels Competition

Key legislation such as the Hatch-Waxman Act, Orphan Drug Act and 21st Century Cures Act **have incentivized investment in innovation and resulted in competition from a steady stream of new treatments. Together with these policies, life sciences M&A has fostered an ecosystem** where early-stage innovation is incentivized, fueling a constant pipeline of newer and more advanced approaches to treat or cure diseases. **This pipeline translates into direct competition to find the best approach to treat a disease.**

In this unique way, life sciences M&A facilitates competition between companies and even within therapeutic classes while pushing the boundaries of science for patients in need. Life sciences M&A has been a driving force behind groundbreaking treatments for many diseases, including heart disease, cancer, rare diseases and more.

By the Numbers

America's life sciences industry reflects a dynamic, diverse and competitive market across companies of all sizes.

More than 2,300 biopharmaceutical companies are headquartered in the U.S.

Every year, hundreds of life sciences companies start the race to discover and develop medicines for patients.

Over 8,000 potential new treatments and cures are in development across dozens of disease areas.

Life Sciences M&A Drives Economic Growth & U.S. Leadership

Pro-innovation M&A is a critical component of the world-class U.S. life sciences industry, driving American leadership and economic growth. Life sciences M&A has helped establish America as a global leader in developing new treatments and cures for the world's most complex and serious diseases.

Life sciences M&A has also fueled an industry that provides **over two million Americans with high wage jobs and drives economic growth across every U.S. state.** Today, maintaining America's leadership in life sciences innovation is critical in an increasingly competitive global economy.

Supporting U.S. Global Leadership

The Center for Strategic and International Studies (CSIS) asserts: "This distributed and interconnected structure—a hallmark of the U.S. biopharmaceutical innovation system—is unprecedented in its capacity to bring life-saving and health-enhancing drugs and medical devices to market. **Renewing this system, and in turn sustaining the U.S. global competitive lead in biopharmaceuticals, requires policies supporting and streamlining the incentives to cooperate..."**

Policy Principles For Life Sciences Innovation & Competition

Historically, policymakers have prioritized bipartisan competition policies that incentivize investment in innovation. **Now, policymakers must recognize and support the unique and fundamental role of life science M&A in driving competition, innovation and growth in America's life sciences industry.**

Key policy considerations to support life sciences M&A include:

- The Federal Trade Commission (FTC) and Department of Justice (DOJ) should **prioritize widely accepted, predictable M&A enforcement**, rather than unclear and partisan guidelines that create uncertainty, inconsistent application and potential blocking of pro-competitive life sciences M&A.
- The FTC and DOJ should **abandon pursuing speculative theories of harm focused on "nascent competition,"** which ignore the unique dynamics and economic realities in the life sciences industry.
- The FTC and DOJ should **be open to structural and behavioral remedies**, rather than taking a drastic "all-or-nothing" approach that hampers pro-competitive life sciences M&A.
- The FTC and DOJ **should make efficient use of existing tools** to assess therapeutic overlaps, consider the full range of impacts to competition and require structural and behavioral remedies, as they have previously done for decades.
- The FTC and DOJ should **prioritize efficient and predictable clearance of mergers and acquisitions** where it is clear that no competitive concerns exist.

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