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In Depth: Biotech and Life Sciences

Health care reform law includes \$1B to underwrite biotech

KANSAS CITY BUSINESS JOURNAL - BY [Mike Sherry](#) STAFF WRITER

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MEDIA



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The health care reform law isn't just about doctors, hospitals and insurers. One corner of the bill can help biotech companies.

The Patient Protection and Affordable Care Act created the \$1 billion Qualifying Therapeutic Discovery Project Credit program, which applies to companies with no more than 250 employees.

The program will underwrite half of qualified expenses incurred in 2009 or 2010 — either through a tax credit or grant (for companies that are not yet in the black). Qualifying expenses include salaries and equipment.

“This is like manna from heaven,” said Kansas City lawyer Kevin Sweeney, chairman of the life sciences practice group at [W Polsinelli Shughart PC](#).

Eligible projects must do at least one of the following:

- Address unmet medical needs;
- Help prevent, detect or treat chronic or acute diseases;
- Reduce long-term health care costs; or
- Significantly advance the goal of curing cancer in the next 30 years.

Implementing regulations are due 60 days after the March 23 enactment of the law.

That schedule could slip, but Sweeney recommended that interested applicants start preparing now because competition for the financing probably will be intense.

"I think first in line is highly likely to be very important," he said.

Leawood-based [W Madeira Therapeutics LLC](#) is taking that advice to heart.

CEO Pete Joiner said the company already is pumping the Internal Revenue Service for information on the program.

The company's focus is on developing liquid therapeutics for children and the elderly.

He estimated Madeira could qualify for a roughly \$200,000 grant based on its 2009 spending. "That's not all we need," he said, "but every little bit helps."

A couple hundred thousand dollars would allow the company to start clinical trials on one cholesterol-reducing product.

Overland Park-based [W Physicians Reference Laboratory](#) also could benefit indirectly from the program, said Dave Drovetta, quality systems director.

Among other work, the lab provides testing for clinical trials.

Anything that puts more cash in the pockets of drug-development companies can spin off and help Physicians Reference Laboratory, Drovetta said.

It can help in two ways, he said.

The lab could get clinical trials work. Or one of these startup companies could develop a better test that the lab could use to turn around samples more quickly.

LIFE SCIENCES BOOST

The health care reform law includes the \$1 billion Qualifying Therapeutic Discovery Project Credit program, which is open to companies with no more than 250 employees. Some notable aspects of the program include:

- Regulations are due 60 days after the March 23 enactment of the law.
- Qualifying activities that include clinical trials or development of a product, process or technology for the administration of a drug.
- The aim to address unmet medical needs.
- Authority for the Health and Human Services Department to finance projects that have the greatest potential to create high-paying jobs and enhance U.S. competitiveness in the life, biological and medical sciences.