



August 20, 2010

The Honorable Harry Reid
Majority Leader
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Tom Harkin
Chairman, Senate Committee on Health,
Education, Labor and Pensions
United States Senate
527 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid and Chairman Harkin:

As the Senate considers the *Small Business Jobs and Credit Act* (H.R. 5297), I write to you to strongly **oppose** the use of the Prevention and Public Health Fund (Fund) from the Affordable Care Act (ACA) as an offset for an amendment offered by Senator Johanns (No. 4531). Such an action would virtually eliminate the Fund, and mark a severe blow to this monumental commitment to prevention and public health under the Act.

At Tethys Bioscience, our goals are to reduce health care costs and prevent severe health consequences by identifying those at high risk for common chronic diseases, which then allow for opportunities to intervene early and even prevent the onset of illness. In 2008, we launched the PreDx™ Diabetes Risk Score (DRS), a multi-biomarker model based on a blood test to identify patients who are at low, intermediate, and high risk of developing type 2 diabetes within five years. This simple test can help optimize healthcare resources by focusing interventions on the patients at highest risk of developing diabetes and avoiding unnecessary treatments and expenses for low risk patients.

With 24 million Americans currently diagnosed with diabetes and an estimated 57 million at risk for developing diabetes, it is crucial that we address this costly epidemic now. The American Diabetes Association estimates that in 2007, the annual cost of managing diabetes and lost productivity was \$174 billion, while the Agency for Healthcare Research and Quality recently released a study showing that one in every five healthcare dollars is spent caring for someone with diabetes – and most of those patients are Medicare beneficiaries. The use of innovative diagnostics such as the PreDx™ DRS can not only significantly reduce the growing cost of treating diabetes, but save thousands of Americans from suffering from the downstream health consequences of the disease.

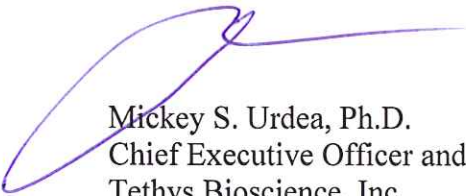
The ACA included historic reforms that have the potential to transform our health system. For too long we have focused spending on treating people once they are sick rather than preventing illness in the first place. The Prevention and Public Health Fund is urgently needed to address

the many emerging health threats our country faces and the persistent chronic disease rates that we must begin to control. Many of us believed that the implementation of this Fund was a step in the right direction for our nation.

As a small business, we also strongly support the elimination of the 1099 reporting mandate also created by the ACA. This new requirement will place an onerous burden on businesses of all sizes across the nation by increasing accounting costs, which is even more challenging given our current economic climate. Now, more than ever, Congress should be implementing policies that spur innovation and support growth in high-risk industries such as biotechnology.

We must ensure that we capitalize on the unprecedented opportunity to transform our public health system by investing in prevention and public health and we need to strive to maintain American competitiveness here and abroad. Eliminating a newly created mandatory program does not give America the chance to succeed in such endeavors. **We urge the Senate leadership to find an alternative offset to cover the cost of the Johanns amendment.**

Sincerely,



Mickey S. Urdea, Ph.D.
Chief Executive Officer and Chairman
Tethys Bioscience, Inc.