

May 1, 2020



## Re-Opening NJ Post COVID-19: What Biopharmaceutical Companies Need

The COVID-19 pandemic has disrupted the American way of life in many ways. From school closings to shelter in place orders, we have all needed to adapt to do our part to help “flatten the curve” of the Coronavirus. And the human toll of the pandemic – more than 1,000,000 Patients and thousands of deaths – has been unimaginable.

Here in New Jersey, employers and employees are finding new and creative ways to continue operations. Some segments of the economy have needed to develop new policies for operations in the face of mandated and necessary social distancing policies. For New Jersey’s research and development life sciences ecosystem, continuing to operate safely was necessary to deliver the lifesaving treatments the world has come to expect from the Garden State. New Jersey leads the nation in biopharmaceutical manufacturing, supplying critical Patient treatments in oncology, cell and gene therapy and many rare disease states. Continued safe manufacturing operations have helped ensure that Patients around the country can continue accessing the treatments they need when they need them most – even in the face of a global pandemic.

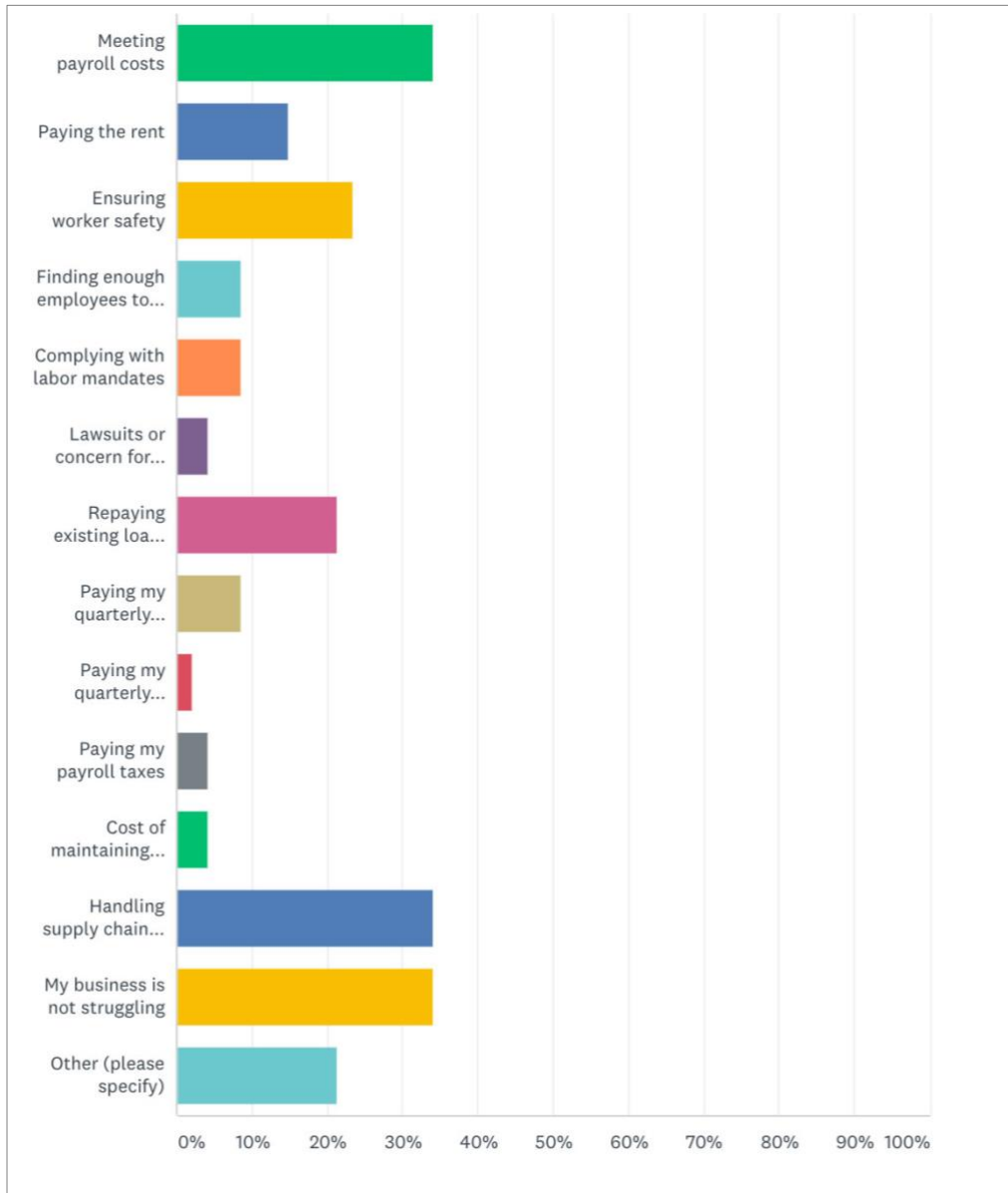
Still, questions remain for the State’s biopharmaceutical sector as New Jersey looks to safely “re-open” the State’s economy. BioNJ recently surveyed the State’s life sciences community to help provide a more complete picture of re-opening needs. The results of this survey show that there are unique re-opening concerns for New Jersey’s biopharmaceutical industry.

In general, biopharmaceutical companies have maintained some form of operations during the pandemic. For those companies whose business has been disrupted or otherwise shuttered, more than three quarters of respondents believe the shutdown of operations is only temporary. Meanwhile, more than half of all respondents indicate that they are having difficulty raising funds or have seen a decrease in revenue as a result of the pandemic. Still, despite COVID-19’s economic headwinds, New Jersey life sciences companies have worked to maintain employment levels with more than 90 percent of respondents avoiding layoffs or any temporary employee furloughs to date.

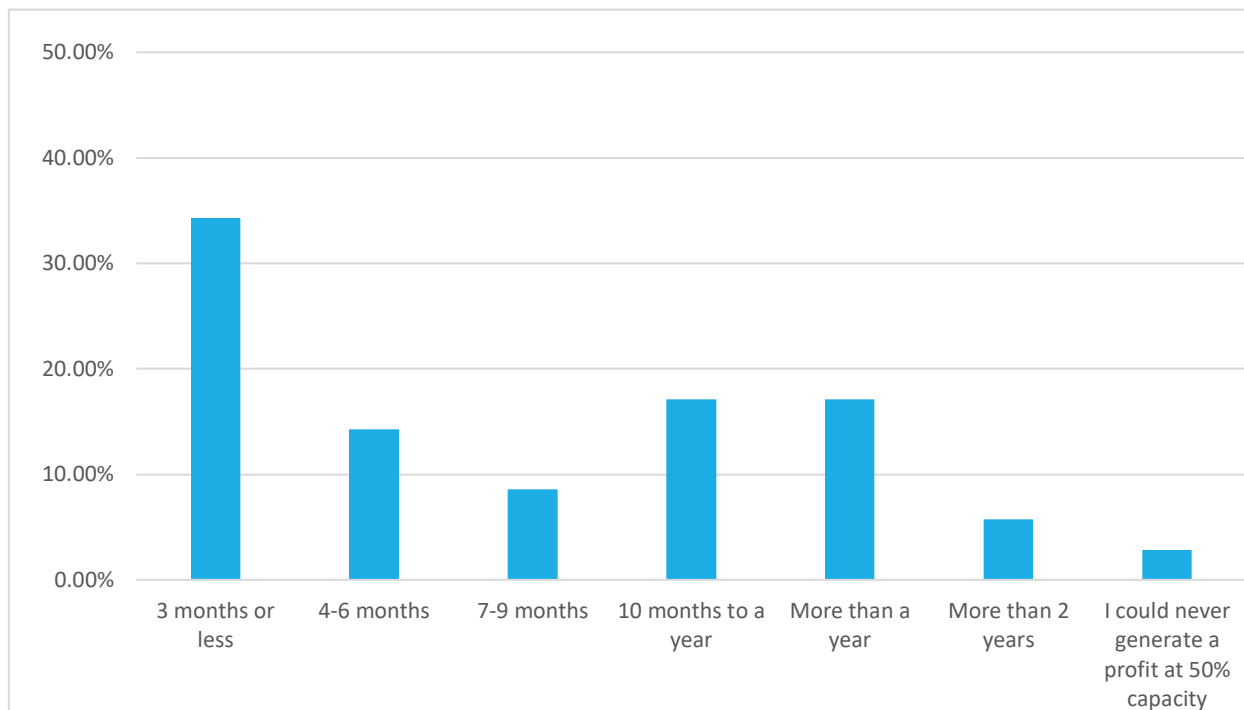
What are some of the biggest challenges facing the sector? When asked to select the “**largest struggles for your business,**” the top four responses were:

- **Meeting payroll costs**
- **Handling supply chain disruptions with contractors and vendors shut down/reduced**
- **Ensuring worker safety**
- **Repaying existing loans on time**

### “Top Three Largest Business Struggles” as reported by recipients:



However, when asked “If a 50% partial re-opening of business facilities is allowed, how long do you anticipate it taking for your business to generate revenues comparable to pre-COVID-19?” the response was:



The ability to conduct clinical research and trials continues to be a major concern for New Jersey’s research and development biopharmaceutical companies. Clinical research has long been a point of pride for New Jersey’s life sciences ecosystem with innovators and providers collaborating to deliver tomorrow’s cures. However, social distancing and Patient inability or reluctance to travel have significantly altered the ability to continue the research needed to develop these lifesaving treatments.

Survey respondents by and large clearly indicated the State can be most helpful to the industry by providing further guidance on reactivation of clinical research as well as insurance coverage for clinical trials. **Some illustrative comments on the COVID-related pause in some clinical research and trials from the survey include:**

“We are experiencing delayed clinical trials, substantially increased cost of capital, meaningfully decreased revenue due to inability of sales force to do their job, uncertainty and delays in product production.”

“Our ongoing clinical trial is now stopped indefinitely and our ability to start a new trial has been curtailed with the start postponed indefinitely.”

“We experienced an impact to data collection at follow up visits in our clinical trials. At present it is unclear when we will be able to enroll new clinical trials.”

“Clinical trial recruiting has been negatively impacted on a severe level. Customer facing impact has been severe as interaction with HCPs is all virtual now.”

Lastly, when asked “**What specific support can the State provide to your organization to help re-open when able?**”, themes in responses included:

“Funding for entrepreneurs. There is no way in today's environment investors will invest. There must be a way to keep us moving forward.”

“We don't have cash reserves like a BIG company, and we don't have the public sympathy and government support of a very small company, so we are stuck in the middle without a solution unless somehow the State can offer access to capital to help us recover.”

“Support the start-up companies with broader array of financial support.”

“Guidelines for office-based social distancing.”

“Access to PPE; guidelines to re-open.”

Based on the survey, as well as anecdotal evidence gleaned from conversations with life sciences companies around the State, several themes emerged for ways the State can help reinvigorate and re-open the sector post-COVID, including:

- Guidance for companies throughout the State with the steps necessary to allow admin, office, or field-based employees to return to work.
- Contact tracing: Companies would like assurance that the State is prepared to move forward with a robust contact tracing system once employees are allowed back to work. (Part of Governor Murphy’s “six principles” to guide New Jersey’s re-opening.)
- The State could develop a COVID “threat level” and communicate it to employers to help guide when/how employees could work safely from either the office or home.
- Biopharmaceutical companies provide an essential service to New Jerseyans and Patients around the world. Research and manufacturing functions should remain essential in future public health emergencies.

Two additional resources can also help guide the State’s response to the COVID pandemic: the New Jersey Biotechnology Task Force [final report](#) and BioNJ’s whitepaper, “[The New Jersey Biopharma Industry: A Prescription for Growth](#).” While some of these concepts have received broad support and, in some cases, been signed into law, others – such as the proposed Innovation Evergreen Fund – would significantly impact the State’s biotech sector in a positive manner. These proposals should also be considered to help re-open the economy and address future pandemic preparedness in our State.

## **BioNJ 5-Point Pandemic Economic Recovery Plan**

Our State, and many others around the country, continue to be engaged in fighting and ending the COVID pandemic. New Jersey has been a global leader in this fight with our academic institutions and biopharmaceutical companies proactively researching and developing COVID tests, diagnostics, treatments and vaccines. While we are proud that our State has led the way with many proactive initiatives to minimize the devastating impact of this disease, we believe we must also look to address the State's needs for future public health emergencies. New Jersey's biopharmaceutical ecosystem can be a key contributor in collaborating with public and private partners to improve future pandemic preparedness.

The following is a proposed "5-Point Program" to address the current Coronavirus pandemic, to support the economic recovery and to ensure that New Jersey is fully prepared to successfully address any health crisis of this magnitude in the future.

### **1) Accelerate medical innovation and economic recovery:**

- Establish Innovation Evergreen Fund to enhance New Jersey venture funding and investment
- Eliminate taxes for capital gains on investments in small businesses
- Allow for tax loss carryback for net operating losses (such as the federal provision allows)
- Consider initiatives such as the Pennsylvania's Commonwealth Universal Research Enhancement Program to provide funding for life sciences research and development

### **2) Enhance State capacity through creation of a Global Biomanufacturing Center:**

- Attract worldwide business investment and manufacturing to a state-of-the art Center
- Invest in a global marketing plan to interest biopharmaceutical companies in New Jersey
- Provide targeted incentives (e.g. grants, tax credits and deductions) comparable to other states

### **3) Create a New Jersey Pandemic "Task Force" to:**

- Evaluate and learn from the New Jersey COVID-19 Response
- Identify and address complex supply chain manufacturing issues and opportunities
- Recommend actions that capitalize and mobilize myriad resources within the State
- Serve as a resource and medical / bioscience research sounding board for the Governor
- Ensure readiness / preparedness for the next public health emergency
- Membership: Government, life sciences, academia, hospitals and Patient organizations

### **4) Create Pandemic Readiness Hub to:**

- Coordinate and energize academic-private sector research
- Maximize the expertise in the State's medical and scientific communities
- Focus on outcomes when dealing with epidemic type situations
- Could be located in either New Brunswick or Newark Rutgers University Medical Sciences Building

### **5) Create Regional Partnerships with New York, Connecticut and Pennsylvania to:**

- Ensure sufficient, joint stockpile of supplies for future public health emergencies
- Create a "surge capacity" for possible future pandemics (e.g. PPE, treatments and essential equipment)