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INSIGHTS

Senate Finance Health Care Subcommittee Hearing on the Future of Biotechnology

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On August 4, 2026, the Senate Finance Health Care Subcommittee held a hearing on building a resilient health care future with biotechnology. The hearing centered around protecting and advancing U.S. biotechnology infrastructure, specifically the creation of novel and microbial drugs, to ensure the U.S. remains ahead of China. Members questioned witnesses about reliance on key starting materials, supporting the full ecosystem in which microbial drugs are created, and affordability of the drugs once they make it to market. There was bipartisan concern for ensuring affordability and innovation work together.

OPENING STATEMENTS

- Senate Finance Health Subcommittee Chairman Todd Young (R-IN)
- Senate Finance Health Subcommittee Ranking Member Maggie Hassan (D-NH)

WITNESS TESTIMONY

- Alan Palkowitz, Ph.D., President and CEO, Indiana Biosciences Research Institute (IBRI) - Testimony
- Michelle Rozo, Ph.D., Vice Chair, National Security Commission on Emerging Biotechnology - Testimony
- Vera Luther, MD, MS, Section Chief of Infectious Disease and International Health, Dartmouth Hitchcock Medical Center, Dartmouth Health - Testimony
- Kevin Outterson, JD, LL.M., Austin B. Fletcher Professor of Law, and Executive Director and Principal Investigator of Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator (CARB-X), Boston University - Testimony

MEMBER DISCUSSION

Key Starting Materials

Members voiced concern with the U.S. reliance on China for the key starting materials needed to create antibiotics and microbial drugs. Senators James Lankford (R-OK) and Roger Marshall (R-KS) asked what could be done to bring the full supply chain back to the U.S. or its allies. Dr. Palkowitz explained that the U.S. needs to invest in research to make key starting materials less harmful to the environment and to drive innovation in manufacturing. Dr. Rozo stated that push and pull mechanisms, such as advanced drive innovation in manufacturing. Dr. Rozo stated that push and pull mechanisms, such as advanced market commitments and offtake agreements, can support innovation and help lower drug prices for purchasers. She also recommended funding new ways to make those chemicals through innovative manufacturing. Similarly, Mr. Outterson explained that the government needs to give companies more money to require them to produce their drugs in the U.S. to offset the costs.

Senator Mark Warner (D-VA) asked specifically what kind of investments the private sector is making to reduce dependence on China for key starting materials. Dr. Rozo shared that the biotechnology environment is hard to survive in because it takes too long for companies to see return on investments. She recommended independent investment funds to help reduce risk through strategic patient capital.

Supporting Innovation

Members from both parties spent time discussing how to best support the biotechnology industry as they create new drugs. Subcommittee Ranking Member Hassan (D-NH) asked if targeted tax incentives would help the smaller companies get started. Dr. Palkowitz agreed with her that the biggest challenge is collecting the initial financial backing and supported the tax incentives as long as it is done in scale to support the whole production pipeline. Senator Hassan then expressed support for recognizing biotechnology as critical infrastructure and asked for input on how this would strengthen national security. Dr. Rozo supported this idea saying it would enable threat information sharing and federal response in a crisis. Senator Bill Cassidy (R-LA) suggested Medicare paying an extra bit of money to the biotech companies so the medications will always be accessible rather than paying when they are needed. Dr. Luther said a subscription model is an excellent point and that this has already been recommended in the PASTEUR Act, which would allow for companies to get paid for the value they provide rather than the volume the drug is consumed. Mr. Outterson further explained that the biotech companies have simply responded to demand for the cheapest option by offshoring, so the government would likely have to pay a small premium to ensure the full supply chain is brought back to the U.S.

Subcommittee Chair Young (R-IN) focused on addressing the funding and research gap between early discovery and clinical trials. Dr. Palkowitz explained that the U.S. needs an ecosystem to work together to ensure science is ready to move forward and can be translated from the science to patient care. Full Committee Ranking Member Ron Wyden (D-OR) specifically asked how to direct resources towards accelerators to avoid the aforementioned research gap. Mr. Outterson stated that public-private partnerships are the way to bring innovations to patients and investments in innovative technology will also move the needle.

National Security Commission for Emerging Biotechnology Report

The National Security Commission for Emerging Biotechnology (NSCEB) released a report in April 2025 outlining a set of recommendations to "both advance our progress and slow that of our strategic adversaries, particularly China, in the race for biotechnology supremacy." The Commission recommended mobilizing the private sector, attracting private capital, creating public-private partnerships, and investing in the talent pipeline. Subcommittee Chair Young (R-IN), who served as the Chair of the NSCEB, asked exactly which recommendations from the report that China seems to have enacted. Dr. Rozo, who served as Vice Chair of the Commission, explained that they have adopted strategic investments, industrial biomanufacturing and infrastructure to support those investments, and regulatory reform making it easier for products to move through their system. Senator Catherine Cortez-Masto (D-NV) followed up asking what we do in response to China taking our recommendations. Dr. Rozo stated that the Commission laid out an agenda to run faster and simultaneously stop national security concerns, but it is only impactful if it is public so there are risks.

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