Health not Wealth as an Incentive for Drug Development: A Conversation with Thomas Pogge

Payment based on performance: The idea is so simple that children can understand it. Whether it’s an allowance, loan, commission sale, or employment review: the cash depends on a good record. What if we held pharmaceutical companies to the same standards? What if the global health research and development (R&D) system supported the development of new drugs that succeed not because they sell but because they heal?

One way of doing so is the Health Impact Fund (HIF), a recent proposal to incentivize drug companies around the world to make medicines that improve health, but where the commercial market is limited. It is a vision that Yale philosophy professor Thomas Pogge, one of the Fund’s thought leaders, recently shared with Harvard faculty and students during an informal lunch conversation as part of the Harvard Global Health Institute’s Forum on Global Governance for Health. In a lively exchange, Pogge explained how a small initial investment ($6 billion) could incentivize – indeed revolutionize – the pharmaceutical industry by supporting new drugs that have a documented global health impact. Pogge is Director of the Global Justice Program at Yale, and author of World Poverty and Human Rights, (2002) a book that has been called “one of the most intellectually rigorous and empirically well-informed works of political philosophy yet written on world poverty.”

During a year at the National Institutes of Health, Pogge realized how international regulations about pharmaceutical access and costing are making global health disparities worse, not better. Three problems hinder change: drug access, inadequate incentives for research innovation, and a pharmaceutical system marked by “sheer wastefulness.” First, the World Trade Organization’s TRIPS agreement, for example – which protects intellectual property rights, including drug patents – allows drugs to be priced far beyond a community’s or country’s ability to pay. This “unintentional pernicious effect,” says Pogge, inhibits or blocks access to those who need the drugs most. Second, research is channeled toward what the rich need, with a big focus on funding or perfecting “maintenance drugs” (for chronic diseases, like heart disease or diabetes, that guarantee longterm sales); this focus disproportionately biases research efforts against drugs for the poor and limits research funds to treat neglected diseases. Third, litigation – another busy activity in the pharmaceutical industry due to patent protection laws – can further increase drug prices. “We created this system,” Pogge said. “We put it in place. And under its implementation, over half of the world’s population has serious problems.”
The Health Impact Fund seeks to address all three problems. As a voluntary system, it could provide rewards for several new drugs each year over a ten-year period, together with close monitoring and evaluation to measure the health impact of each drug. To participate, manufacturers must agree to sell the new drug at cost, wherever it is needed. Once the impact results are in, drug developers would be rewarded proportional to the health impact achieved for their drug relative to all drugs in the pool. Monitoring, evaluation, and impact assessment is key to the drug’s financial success. During his recent trip to Boston, Pogge met with administrators and clinicians at Partners In Health to explore the potential for a field trial.

Over lunch at the Harvard Global Health Institute, faculty and students challenged Pogge with hard questions about how the fund will actually work. Where will the $6 billion come from? (Answer: a donor-driven endowment) Who governs the fund, and how? (Answer: multi-stakeholder, but governance is less important given the built-in logic of the fund) How will impact be measured? (Answer: DALYs or QALYs) How will delayed payouts compete with the existing system as an incentive for companies? (Answer: there are delays also in the current system given all the upfront R&D costs) What if a drug has delayed health benefits (or risks)? (Answer: benefits then need to be modeled) Who is being paid? How to ensure that the fund is not just another “vertical system”? And how would the fund monitor or ensure affordable pricing? (Answer: competitive bidding from producers)

Visit the Health Impact Fund website for further information and more details about this thought-provoking proposal.

Photo: Yale Professor Thomas Pogge in conversation at the Harvard Global Health Institute. Photo by Emily Robinson.