

à la mémoire de  
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# The Health Impact Fund

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## **Monopoly Rents**

... drive R&D;

... impede diffusion.

## Proposed Complement

The **Health Impact Fund (HIF)** would invite innovators to give up their **monopoly privileges** on any innovation in exchange for **impact rewards**, based on the health gains achieved with it.

This optional trade promotes **diffusion**: removes **headwind** of monopoly rents

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The **Health Impact Fund (HIF)** would invite innovators to give up their **monopoly privileges** on any innovation in exchange for **impact rewards**, based on the health gains achieved with it.

This optional trade promotes **diffusion**: removes **headwind** of monopoly rents & adds a **tailwind** of impact rewards.

If the world's affluent pay for R&D through impact rewards, rather than high prices, the poor need not be excluded.

## **The Health Impact Fund**

... would make fixed annual disbursements, split among registered innovations according to health gain (QALY) achieved with them in the preceding year.

Each registered product would be rewarded for 10 years  
... at a self-adjusting endogenous reward rate (€/QALY).

The sales price of registered products would be limited through open licensing or tender.

## The Health Impact Fund

... would create a new type of **sector-wide competitive market** on which pharmaceuticals of all kinds can compete toward achieving gains in global health.

With funding of €5 milliards annually, the HIF might support some 20–25 innovative products, with 2–3 entering & 2–3 exiting each year.

## **HIF Funding**

... could come from states, based on GNI.

In non-contributing affluent states, registrants would retain their monopoly privileges & receive no impact rewards.

## **Reason #1: Access**

Millions die because patent enforcement suppresses generic supply.

Impact rewards make it profitable to serve even poor & remote populations even with very cheap drugs.



## Reason #2: Externalities

Monopoly rents give no incentives to **contain & suppress** infectious diseases.

On the contrary! If a disease disappears, so does demand for its remedy.

The HIF pays for **all** health gains, third parties included.

## **Reason #3: Neglected Diseases**

The HIF would stimulate new R&D esp. on diseases that are frequent, severe, contagious & concentrated among the poor.

## **Reason #4: Perverse Incentives**

In our monopoly system, there are pressures to prescribe the products with the highest profit margins, even when they are not best for the patient.

Under HIF, the product with the greatest health impact makes the most profit.

## Reason #5: Waste

- M**ultiple patenting in many jurisdictions;
- P**atent monitoring & enforcement;
- G**aming (“evergreening” etc.);
- D**eadweight losses;
- M**utually neutralizing promotion efforts;
- C**orrupt marketing;
- C**ounterfeiting (→ drug resistance).

## **Lesson from COVID-19**

The current monopoly regime

- ... leads to “catastrophic moral failure” (Tedros),
- ... allows poor populations to be breeding grounds for infectious diseases that often evolve new, drug-resistant strains (e.g, tuberculosis, malaria),
- ... leaves the world poorly prepared to cope with new infectious diseases.

## **Next Step: Pilot**

One reward pool of ca. €100 million.

Pharmaceutical innovators submit proposals for how they can, with one of their patented molecules, achieve additional health gains in a developing county/region.

Experts select the four most promising proposals (access, expected impact, measurability, follow-on potential).

Innovators have three years for implementation.

Reward pool is split according to health gains achieved.

♥ **Merci!**

For more information & collaboration:

[www.healthimpactfund.org/fr](http://www.healthimpactfund.org/fr)