

Access and/or Protection?

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No free lunch!!!

- Brand name Sovaldi
- Against hepatitis C of all genotypes
- Higher efficiency (up to 97% vs. about 40% Peg-interferon+ribavirin)
- Weaker adverse effects
- High price (about 90 thousand Euro per cure per person)
- Cost of production – around 100 times lower (depending on genotypes)
- Approximately 2% of the world population is infected
- Access for not more than 10% hard up persons

Sofosbuvir


- IPR = exclusivity, not always monopoly (in antitrust sense)
- If IPR is monopoly - WHERE? Market for IPR?
- Product based on IPR used vs. IPR as a good?
- Product boundaries for market? Vertically differentiated product?
- Monopolistic pricing?

IPR and Monopoly

- It is worth noting that a report issued earlier this year from the Global Commission on Drug Policy, which includes former Federal Reserve Chairman Paul Volcker and billionaire businessman Richard Branson, suggested that **compulsory licenses should be pursued when pricing talks with drugmakers fail.**

Silverman, E. Will The New Hepatitis C Drugs Trigger A Battle Over Cost? / Forbes, 11.11.2013

Compulsory Licensing?



**If it would be the last drug
needed for last disease,
probably, the answer would be
much easier... But it is not the
case.**

Simple economics of Access and Protection

- Production costs are not the only costs which determine price of a drug, the clinical trials for FDA approval and R&D costs must also be taken into consideration (Vishwanathan M. I-MAK files pre-grant opposition against Gilead's antiviral drug Sofosbuvir //http://spicyip.com/2013/11/i-mak-files-pre-grant-opposition-against-gileads-antiviral-drug-sofosbuvir.html).
 - Economic organization: R&D – production-sales. Whether commercialization is vertically integrated? Where is the good? What good is actually sold?
 - What about incentives of different groups of players?
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- Do we have biases in estimates of actual and potential beyond simple discounting?

But nevertheless...

What is the full price in Access-Protection trade-off?

- Externalities with drugs production (merit goods)?
 - Material incentives is only thing to be considered of might be considered?
 - Whether behavioral aspects does matter for discussion from “life or death” perspectives?
 - Whether shared values have some meaning for this issues discussion? If yes, to what extent?
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Thank you!

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