

Funding Open Source Medical Innovations

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Open Science Summit

October 22, 2011

HIV/AIDS in the US

- **We have a large and growing population of persons who are HIV+**
 - CDC estimates the US has 1.1 million persons who are HIV positive
 - 56 thousand new HIV infections per year
- **Drugs are expensive**
 - In 2010, the market for ARV drugs was \$9.2 billion, up from \$ 5.6 billion in 2006 (13.2 percent rate or growth in outlays)
 - Average retail price for the three drug combination Atripla is \$24,723 per year
- **The cost of ARV treatment falls primarily on government**
 - Approximately 70 percent of patents are on government programs.
- **The current system is not working**
 - Thousands of persons are on official waiting lists for treatment
 - States have tightened rules to qualify for access
 - Only an estimated 24 percent of persons who are HIV+ are receiving ARV drugs
 - In developing countries, the barriers to access are even more significant

S. 1138

The Prize Fund for HIV/AIDS Act

- Eliminate monopolies on ARV drugs.
- Create a \$3 billion innovation prize fund, to reward innovation. (0.0002 of the gross domestic product of the United States)
- The money for the prize fund comes from governments and insurance companies.
- The prize fund money is spent on:
 - End product prizes
 - Open Source Dividend
 - Competitive Intermediaries for interim development

End product prizes

- 10 years of participation in *end product* prize fund
- (Zero sum) competition among eligible drug developers, based upon evidence of benefits of products, when compared to benchmark alternatives
- Special rules for follow-on innovation

Open Source Dividend

- 5 percent of prize fund money (more than \$150 million per year), set aside for Open Source Dividend
 - The open source dividend prizes would be allocated to reward the **open, non-discriminatory and royalty free sharing of knowledge, data, materials and technology** that has contributed to the development of the new medicines or manufacturing efficiencies that qualified for the end product prizes.
 - In this part of the competition, the Prize Fund would consider “the extent to which knowledge, data, materials and technology that are openly shared have contributed to the successful development of new products or improved processes for manufacturing products.”

Competitive Intermediaries for interim development

- The Prize Fund Director would have the authority to authorize multiple non-profit intermediaries to manage prize fund payments to reward projects for interim development development of new treatments for HIV/AIDS, or for open source dividend prizes. Such intermediaries would compete for funding from non-federal entities that co-fund the Prize Fund for HIV/AIDS.
- These competitive entities would provide prizes to persons or communities that achieved useful R&D outcomes of an interim nature. Since it is more controversial to value such achievements, the strategy is to create a competitive process that legitimizes the choices of the entities that make the decisions about the prizes.
- The interim prizes require open, non-discriminatory and royalty free licenses to relevant intellectual property rights.

Many other prize fund, open source dividend proposals

- S.1137, Medical Innovation Prize Fund
- WHO discussions
 - Open licensing of IPR
 - Donor Prize Fund
 - Chagas Prize Fund
 - Priority Medicines Prize Fund
 - Cancer Prize Fund
 - TB Diagnostics
 - Strong IPR, price regulation
 - HIF, X-Prize/Gates diagnostic proposals

For more information

<http://keionline.org/prizes>

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