

Review Suggests \$3.5 Billion Prizes for Antibiotic Drugmakers



By Kate Kelland | May 15, 2015

LONDON (Reuters) - Companies that develop new antibiotics should be awarded prize money of up to \$3.5 billion for each new drug, instead of selling the medication at a profit, a review backed by Britain's government said on Thursday.

The review, lead by former Goldman Sachs chief economist Jim O'Neill, said the lump sum payments could add up to \$16-\$37 billion over 10 years, but should only be made when companies have fully developed a successful bug-killing drug.

The prizes, of between \$1.5 billion and \$3.5 billion, should be funded in part by the pharma industry itself, O'Neill said, probably also with input from national governments and "the global taxpayer".

The successful drugmaker would then be required to make no profit from its sales of the drugs to governments and healthcare providers around the world, he said, saying this approach would "de-link" the profitability of a drug from its volume of sales.

In recent years, bugs resistant to multiple drugs have evolved at the same time as drugmakers have cut back investment in finding new ways to fight them, creating a global health threat as superbug strains of infections like tuberculosis and gonorrhoea have become untreatable.

O'Neill, who was asked last year by British Prime Minister David Cameron to take an economist's view of the problem, said far too little is currently invested in hunting for new drugs against drug-resistant infections.

"We want to make antibiotics R&D (research and development) commercially sustainable so the field can attract the best minds from research organisations, small biotech companies, large firms or not-for-profit entities," O'Neill's review said.

"To do that we propose a system by which a global organisation has the authority and resources to commit lump-sum payments to successful drug developers."

In his initial report, O'Neill estimated that anti-microbial resistance (AMR) could kill an extra 10 million people a year and cost up to \$100 trillion by 2050 if it is not brought under control.

O'Neill has also proposed that a \$2 billion innovation fund financed by drug companies should be created to invest in early-stage research and speed up development of new medicines to fight drug-resistant superbugs.

Sally Davies, the UK government's chief medical adviser, welcomed O'Neill's latest report, saying it would "stimulate important conversations between governments, pharmaceutical companies and other funders".

British drugmaker GlaxoSmithKline and Switzerland's Roche pledged to work with O'Neill's team to pursue the proposals.

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