

# Goldman Sachs Asks: 'Is Curing Patients A Sustainable Business Model?'

Will Goldman Sachs's question reduce investments in research and development of disease cures?

By [Krista L. Cox](#)

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Gene therapy has been heralded as the future of medicine for its potential in providing cures. After all, as a human being, why wouldn't we want to alleviate human suffering by curing diseases? And yet, while the prospect of curing serious diseases like hepatitis C or, perhaps one day, AIDS, should be celebrated, not everyone sees this development as good news. In April, [reports surfaced that analysts from Goldman Sachs asked](#), "Is curing patients a sustainable business model?" This is a terrible question for so many reasons, but as I detail further below, this question reveals that many companies really have only one goal and how inadequate our current patent system is in incentivizing public goods.

Goldman Sachs basically concluded that, from a business perspective, curing patients will result in less revenue compared to ongoing, chronic treatments. Using pharmaceutical company Gilead's treatment for hepatitis C as an example, Goldman Sachs noted that sales for the treatment peaked at \$12.5 billion in 2015, but have been declining since then and is projected at less than \$4 billion for 2018. The reason, of course, is that a successful cure "exhaust[s] the available pool of treatable patients" and therefore "could represent a challenge for genome medicine developers looking for sustained cash flow." The analyst went on to note that curing an infectious disease "also decreases the number of carriers able to transmit the virus to new patients, thus the incident pool also declines," further leading to a decreased need for the treatment.

This report understandably led to much outrage, but the question itself really shouldn't have surprised anyone. Pharmaceutical companies make billions and billions of dollars and do everything they can to protect their

monopolies. Like Allergan [paying off a Native American tribe](#) to try and exploit a sovereign immunity loophole to protect its dry-eye drug, Restasis. Or that time that Eli Lilly tripled the cost of insulin overnight ([under the leadership of Alex Azar](#), who is now the Secretary for the Department of Health and Human Services), or when [convicted felon Martin Shkreli](#), former CEO of Turing Pharmaceuticals, also known as the “Pharma Bro,” [raised prices by 5,000 percent](#) for a medicine used to treat an “orphan” drug.

At this point, I could give a spiel about corporate social responsibility and how pharmaceutical companies should consider their capacity for contributing to societal benefits like public health. And yes, companies should think seriously about their commitment to social responsibility. But the real issue is that the question Goldman Sachs poses is a problem endemic to the patent system itself: it provides a monopoly and locks others out. By rewarding investments in pharmaceutical development with an exclusive monopoly, companies have an incentive to exploit that monopoly to the fullest, by charging the highest prices it can, while it can (and exploiting loopholes and lobbying for changes in the law to extend these monopolies). A patent is often seen as an economic incentive — though, of course, the constitutional rationale for the intellectual property system is seen as a bargain, whose ultimate aim is to “promote the progress of science and the useful arts — and as such, some companies focus exclusively on maximizing the economic value, at the expense of bettering society.

So where do we go from here? Will Goldman Sachs’s question reduce investments in research and development of disease cures? Will pharmaceutical companies conclude that, indeed, it’s better to invest in chronic treatments to maximize their profits?

Goldman Sachs’s report suggests several solutions. First, it suggests that companies focus on diseases where there is already a large market, such as hemophilia. According to the report, companies could address diseases with a high incidence, such as spinal muscular atrophy. Additionally, companies could constantly innovate and expand the portfolio of treatments. The report “hints” about opportunities in treating the “disease of aging,” as well. These solutions are directed purely toward addressing profit maximization in the context of disease cures. Again, we are treating the symptoms and not the disease.

What is missing from these proposed solutions are alternatives to the patent system, which would take disease cures out of a world where profit maximization — even at the expense of human lives — is the ultimate goal. Prizes, for example, could provide a powerful reward for investment into disease cures or other innovations that do not have high commercial value, or to ensure affordable costs in medicines. Nobel Prize winner [Joseph E. Stiglitz has long advocated for prizes over patents to promote affordable access to medicines](#), financed by governments which already invest huge amounts into basic research, then pay again through the purchase of medicines for their own citizens or through foreign assistance programs. Indeed, this model makes a lot of sense, particularly if we think about essential medicines and disease cures as a *public* good. As Stiglitz notes:

*There is an alternative way of financing and incentivizing research that, at least in some instances, could do a far better job than patents, both in directing innovation and ensuring that the benefits of that knowledge are enjoyed as widely as possible: a medical prize fund that would reward those who discover cures and vaccines. Since governments already pay the cost of much drug research directly or indirectly, through prescription benefits, they could finance the prize fund, which would award the biggest prizes for developers of treatments or preventions for costly diseases affecting hundreds of millions of people.*

The concept of using prizes to spur innovation has been successful in other areas, such as NASA's prizes for fuel-efficient airplanes and other inventions related to the aerospace industry. Innovation inducement prizes are not a recent idea, either, with a long [history dating back to at least the 1700s](#), as noted in this briefing paper by non-profit organization Knowledge Ecology International. [Senator Sanders \(I-VT\) introduced two bills<sup>\[1\]</sup>](#) in the Senate in 2011 proposing a prize fund to address the deficiencies of the patent system in the pharmaceutical world. The [Health Impact Fund](#) is another proposal, which would reward drug developers based on the impact of their innovation on global health.

Disease and illness is a serious public health problem and any solution should be seen as a public good. There must, therefore, be a way to move forward efforts to move toward achieving and celebrating the public goods

of treatment and cures, rather than leaving it to the private pharmaceutical industry to do the right thing.

[1] Full disclosure: I worked to support these two bills in my former job.

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***See two videos below responding to the Goldman Sachs report.***

## **Goldman Sachs Asks: Is Curing Patients a Sustainable Business Model?**

<https://youtu.be/su2HFcDYC1s>

Amanda reacts to the Golden Sachs report put out to biotech companies that poses the question, "Is curing patients a sustainable business model?"

## **They Want You DRUGGED FOREVER - You HAVE to hear this!**

<https://youtu.be/48wkTRzuFal>

Goldman Sachs and certainly countless other chemical pharmaceutical and bioengineering companies do not want to cure you. They do not want you to get better. They want you to be a source of recurring income for the rest of your miserable little lives.

This analyst and countless others have expressed how cures exist but they will never make it to market because once you are cured, you are no longer a viable source of income and when companies are Too-Big-To-Fail and they give their dividends to government organizations through stocks, they cannot afford to lose you as a patient.

Please excuse my volatility in this video. I cannot stand for us all, human beings, to be treated like rats in a maze but to companies so large, that is what we are... We are useless eaters so they are going to profit off of us in as many ways as they can.