

## **OHE Lunchtime Seminar**

**Pedro Pita Barros**

**Nova School of Business and Economics**

### **Incentives for R&D, competition and intertemporal effects of payment rules for cures**

**6th June 2019 12:00-2:00pm**

**Sir Alexander Fleming Room**

**Southside, 7th Floor, 105 Victoria Street, London SW1E 6QT**

*A buffet lunch will be available from 12:00 noon.*

*The seminar will start promptly at 12:30 pm and finish promptly at 2:00 pm.*

Current payment and pricing rules of pharmaceutical products do not account for intertemporal effects of cures for infectious diseases producing a positive intertemporal externality for future generations. This intuitively suggests that some form of intertemporal payments should exist to account for the positive intertemporal externality. In addition, a reduced future demand due to the infectious disease eradication, or the reduction of its prevalence and transmission rate, reduces the future commercial value of new products and may mitigate incentives for R&D.

Decisions to invest in pharmaceutical R&D are guided by expected future returns. A dynamic approach is therefore required to allow for the arrival of a new breakthrough product to the market in the first period; a second period in which potentially competing products appear; and, a third period when generic competition emerges. Demand in each period depends on how many patients were treated in previous periods. Similarly, payment/pricing rules used will affect prices, number of patients treated, company profits, R&D investment decisions and Government/third-party payer expenditure. Under some current frameworks for pharmaceutical pricing either excessive or insufficient R&D investment may result. In the seminar, Prof. Pedro Pita Barros will examine how enlarging the set of possible pricing rules to those that include an intertemporal perspective can incentivise efficient investment in pharmaceutical R&D.

Pedro Pita Barros (PhD in Economics) is Professor of Economics at Universidade Nova de Lisboa, member, by Government appointment, of the Portuguese National Ethics Council for the Life Sciences, member of the EC Expert Panel on Effective ways of Investing in Health, and member of the Portuguese National Health Council. His research focuses on health economics and on regulation and competition policy and has appeared in many academic journals. Pedro Pita Barros has also contributed to several books and has published several books on health economics. Also collaborates in the editorial process of several scientific journals in the field of Health Economics.

If you would like to attend this seminar, please send an email to [ohgeneral@ohe.org](mailto:ohgeneral@ohe.org) to secure your place. If you are unable to attend but think that a colleague might like to, please pass on this letter to them.

Yours faithfully,

Graham Cookson  
Chief Executive, OHE