

Study Suggests Affordable Vaccines Within Reach

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(PhysOrg.com) -- A new research paper suggests that pharmaceutical companies can afford to produce less expensive vaccines for lower-income countries because the companies can recover their research and development (R&D) costs through the sale of the vaccine to higher-priced markets. The findings are included in an article co-authored by University of Victoria health economist Rebecca Warburton being published this week in the journal *Vaccine*.

The study focuses on the development of two new vaccines, RotaTeq (Merck) and Rotarix (GlaxoSmithKline or GSK), designed to combat the rotavirus which causes gastrointestinal illness and is estimated to kill 440,000 children under five years of age worldwide each year.

“Our study attempted to replace high, unverified research and development estimates with lower, more verifiable estimates for the vaccines based on detailed searches of public information and follow-up interviews with senior informants,” says Warburton who did the detailed calculations that appear in the paper. She worked on it with Dr. Donald Light, the Lorry Lokey Visiting Professor at Stanford University, who did the interviews and gathered the raw cost estimates. The other author was Jon Andrus of the Pan-American Health Organization. “Our estimates suggest that companies can recover their up-front costs quickly from affluent markets and thus can offer these vaccines to lower-income countries at a price they can afford,” she adds. “In this particular case, the costs were recovered within one year of the [vaccine](#)’s release.”

The study team acknowledges that it can be difficult for [pharmaceutical companies](#) to recover large R&D costs and make a reasonable profit selling vaccines at prices that lower-income countries can pay. As a result, many multinational firms have abandoned the vaccine field.

“Merck and GSK have remained committed and it’s important that they recover their R&D costs and earn a reasonable profit to fund future vaccine development,” says Warburton. “However, common R&D cost estimates from industry-supported studies are based on drugs rather than vaccines so we don’t really have accurate information about vaccine R&D costs.”

The research team feels their finding likely applies to other vaccines and calls for companies to make public their vaccine R&D costs. “Better vaccines are a shared project between companies and public health agencies,” says Warburton. “Greater transparency and consistency in reporting R&D [costs](#) is needed so that fair prices can be established.”

Provided by University of Victoria

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