



State Representative Jim Butler

41st House District

House Bill 345 – Sponsor Testimony before the House Health Committee; Wednesday, October 25th, 2017.

Chairman Huffman, Vice Chair Gavarone, Ranking Member Antonio, and Members of the House Health Committee, thank you for this opportunity to offer sponsor testimony for House Bill 345, which I refer to as the Cure Bill. I truly believe this bill has the potential to be the beginning of movement, a new model to be replicated in states across the country, with the goal of discovering *cures* for major diseases.

In recent decades, technological achievement in our society has advanced exponentially. In the healthcare and research sectors of our economy, we are spending more money than at any other point in our history; yet, when is the last time a *cure* for a major disease was discovered? It has been over fifty years since the eradication of polio. This lag in the medical field stands in stark contrast to progress in nearly every other field of human endeavor. The reason for this disparity is both a result of normal economics, and a result of the way academic research is conducted at present.

Currently, the overwhelming majority of research and development dollars for pharmaceuticals and other therapies comes from private sector businesses. These companies make billions of dollars by discovering *treatments* for diseases, especially *treatments* that people have to take for a long time, or possibly for the rest of their lives. *Cures* for diseases are rarely, if ever, researched because companies cannot possibly make more money on products people take once or for a short period of time and never have to take again versus products people have to take for months or years. This is not the fault of the private companies, given the nature of our current economic system. They have a duty to shareholders to maximize profits, and they could never get as much return on investment from a *cure* as they can get from treatment. This is not to say developing *treatments* for diseases like AIDS is not a worthy endeavor, but that *treatments* are already incentivized in our current system are *cures* are not. Accordingly, we routinely get many new treatment options from pharmaceutical companies, and a bevy of new TV ads telling us about new drugs, but never something new that, when deployed, can eradicate a disease like breast cancer or Alzheimer's.

While seventy-five percent of new research and development is conducted by the private sector, the remaining portion comes from government funding or from charitable organizations. Most people believe this money is devoted to finding *cures*, but that will almost certainly never be the result. Public and charity funding is largely done through the grant process, which is based on clinical trials which, to

be funded, and published, must stand a reasonable likelihood of success. Most research is meaningful and advances science, but it is almost never true *cure-driven* research. The results speak for themselves – from the “War on Cancer” started by President Nixon, to current politicians calling for more funding to find *cures*, no **results** have been obtained for the past half-century – the entire period of modern medicine.

House Bill 345 creates an innovative financing mechanism that would allow for the payment of massive cash prizes to any entities that produce verified cures for major diseases. The bill establishes a multi-state compact, with Ohio as its charter member, which will combine the resources of participating states to provide the tremendous monetary incentives necessary to harness the power of the free market and spur increased, focused investment from the private sector.

Here, in its simplest form, is the framework proposed in the Cure Bill:

- A multi-state compact will be established and governed in the same manner as many common multi-state compacts, specifically, the Interstate Insurance Compact, with the notable exception that the federal government can join, and foreign countries or provinces can join as non-voting members;
- The Compact will identify diseases to target for eradication based on factors such as severity and cost;
- The Compact will determine the 5-year taxpayer savings for each state in the Compact if the disease is cured and set the prize at the amount of 5-years savings for all compacting states;
- Upon delivery of a verifiable cure, the Compact will pay the successful entity the prize amount by acquiring a bank loan; in exchange for the prize, the patent for the cure is given to the Compact;
- Once the cure for a specific disease is manufactured and made readily available to the people, expensive chronic treatments will cease, which will result in net long-term savings for governments, and the public. Only then will the compacting states begin to pay the Compact their actual annual savings until their share of the prize is paid (which could be more or less than 5 years). In this way, the compacting states will not need to appropriate any more money to pay the cure prize, just what would have been appropriated before the cure for a period of about 5 years;
- The cost of the cure for non-compacting states and foreign countries will be reasonable, but will include a royalty that will help offset expenses of the Compact, such as hiring actuaries and paying interest on loans. Royalties paid will also be used to give refunds to the compacting states, so there will be an extra incentive to join the Compact to be eligible for rebates that might equal to the entire prize paid. The total amount of the royalty is limited to the five-year savings for the non-compacting state or country.

When the Compact goes into effect, private companies will be provided the necessary monetary incentive to discover *cures* that quickly and permanently remove or reverse diseases like cancer, mental illness, or multiple sclerosis, just to name a few. If a cure is not discovered, then taxpayers will pay nothing. Charities, businesses, or individuals can also contribute directly to the prize to increase the

incentive. If multiple states join the compact, and especially if the federal government joins, the reward for an entity to research and discover *cures* could be much higher than the profit from selling an ongoing *treatment*. Accordingly, investors will fund research for *cures* that they currently have no incentive to produce. For example, if the prize for *curing* Alzheimer's is \$100 billion and a biotech firm develops a possible cure that has a 1-in-10 chance of success, or even a 1-in-100 chance, investors will surely fund a \$5 million study that today would likely not be funded. Multiply that many times over and, at worst, we will see huge economic activity (at no cost to taxpayers) as companies invest in additional research, and, at best, an untold amount of human suffering from these diseases will be avoided so we may all live longer, healthier lives.

The Cure Bill is a first-of-its-kind proposal. As with all new proposals, I'm sure there will be plenty of skeptics who will reflexively think it can't work simply because it doesn't sound like anything else currently being contemplated. In America, we do have the innovative capacity and resources to take on great challenges. I can think of no greater, more generous use of our collective financial resources and ingenuity than taking on the great challenge of curing major diseases. These diseases affect every one of us, or our families, or our friends, in one way or other, too often with tragically life-altering results. Our current healthcare and research system, while adding some scientific advancement and good treatments, needs a new, third direction, and I believe if we pass House Bill 345 here in Ohio, then take the concept to other states, we stand a chance of moving the needle toward true progress, easement of suffering, and lasting positive results.

Please let me know if you have any suggestions to make this bill better. It is important that the bill we pass be something not needing corrections or changes in other states because all compacting states must pass the same language.

I ask all of you and anyone who hears this message to help with this effort. We have the opportunity to be part of something that could change the course of human history, something that could literally change the world, and save countless lives.

Chairman Huffman, thank you for the opportunity to provide this testimony. I would also like to sincerely thank Chenwei Zhang from the Legislative Service Commission for her diligent and insightful work in drafting this legislation. I am happy to answer the committee's questions at this time. Thank you.