

Enabling Preventive Medicine through the Health Impact Transfer (HIT) Token

Platform to finance preventive medicine, sourcing funds on a per-project-basis in the crypto-market, creating full transparency on project progress, reduce costs to society and save patients' lives.

Problem

Healthcare costs are rising and are not sustainable due to demographic reasons and inefficiencies.

- We are stuck in "repair medicine", leading to expensive later-stage therapies with increased human suffering.
- There is a lot of skepticism about preventive programs, and often no money for them.
- Stakeholders, particularly in politics, face a misalignment of longer-term initiatives.
- The public health sector is not designed to take a risk/reward view on public programs.
- Known schemes such as social impact bonds have proven to be too bureaucratic and lack investors' appeal.
- Science struggles with establishing conclusive causal links between preventive measures and improved health outcomes on an individual case level while providing conclusive evidence in large aggregate populations.
- There are attempts to establish value-based medicine, but no agreement by stakeholders or realistic implementation opportunities are in sight.

Solution

- We propose the partial substitution of scientific causal proof with a token-based and market-driven system.
- A tokenized market system validates correlation, rather than a proven causal link, between measures and outcomes.
- This validation happens in real time via market forces because the instrument is tradeable.
- Thus, the token system aims to improve health trends on large populations based on statistics-driven evidence.
- The token facilitates investments to finance preventive measures and leverage existing platforms for the implementation of such programs.
- Investors are rewarded by the distribution of dividends resulting from successfully executed prevention programs.
- Dividends are to be paid by sponsoring stakeholders (state, supra-national institutions, healthcare systems, insurance companies).
- Dividends are based on overall, system-wide cost reductions, not individual patients.
- The system leverages Blockchain technology to support
 - easy financial participation in value-based medicine through tradable tokens;
 - unbureaucratic acquisition of investors with large reach of potential participants;
 - tamper-resistant monitoring with transparency and appropriate oversight;
 - the privacy of all patients while still monetizing their health outcomes.
- Tokens are a new and uncorrelated asset class for investors seeking to diversify into health care prevention, while also creating a social dividend for societies and patients.
- The proposed HIT token will be one of the first so-called "security tokens", classified as a financial asset by regulators.
- Increased dividends from multiple global projects are bound to increase the value of the token.

Business Model

- The HIT organization has its headquarters in Vienna, Austria where there is a clear legislation on token issuance and the political support for blockchain-based innovation.
- The organization will have a for-profit-arm in line with tokenized fund raising and a non-profit-arm to accommodate funds from non-profit organizations, grants and donations.
- The crypto market is in need for well-analyzed and transparent business cases with significant potential – this is particularly true for the healthcare market. Hence, there is a very large pool of money to enter preventive medicine via crypto investors.
- We will launch so called OCOs (ongoing coin offerings) which do not aim to raise the maximum amount of money upfront, but just enough to finance a new project and ongoing operations.
- Money will be raised, once a project is ‘underwritten’ by the party benefitting from its execution (the underwriter) – therefore, such a project must be truly ‘cost saving’ when sponsored by the for-profit-arm. An underwriter could be an insurance company, health care system, non-profit organization or foundation.
- A token investor will understand the profitability and parameters of a project proposed prior to investing. The investor will carry the risk of successful execution and achievement of projected health outcomes. An investment is done by purchasing a newly issued token.
- Investors will receive dividends from successful projects and can trade/redeem their tokens on exchanges for leading crypto assets or Fiat currency at any time.
- The amount underwritten will cover project execution costs, the investors’ dividends, plus operations of the HIT organization including marketing and management compensation. It will also include a risk buffer for the overall project portfolio plus additional funds to co-fund new projects. The expected minimum hurdle rate is 30% above costs but projects are expected to have multiples of 2 to 20+ times above cost, which will allow for internal rates of return that are much higher than the minimum hurdle rate.
- Projects will be added on an ongoing basis and funding needs will be covered by OCOs. The token will remain the same for all new projects. Dividends from a newly added project will be distributed among all token holders, not only to tokens that were issued for the latest new project. We expect the value of the HIT token to rise with the successful execution of projects and the outlook of new projects to be added.
- Top management and advisors will be compensated according to their function by salary and tokens.

Implementation Details

- Projects are operational units of any size with their own budget and implementation team.
- Project teams are separate and independent entities co-contracted by investors and payors.
- Projects are executed within existing infrastructure and teams
- Progress will be tracked by independent evaluators.

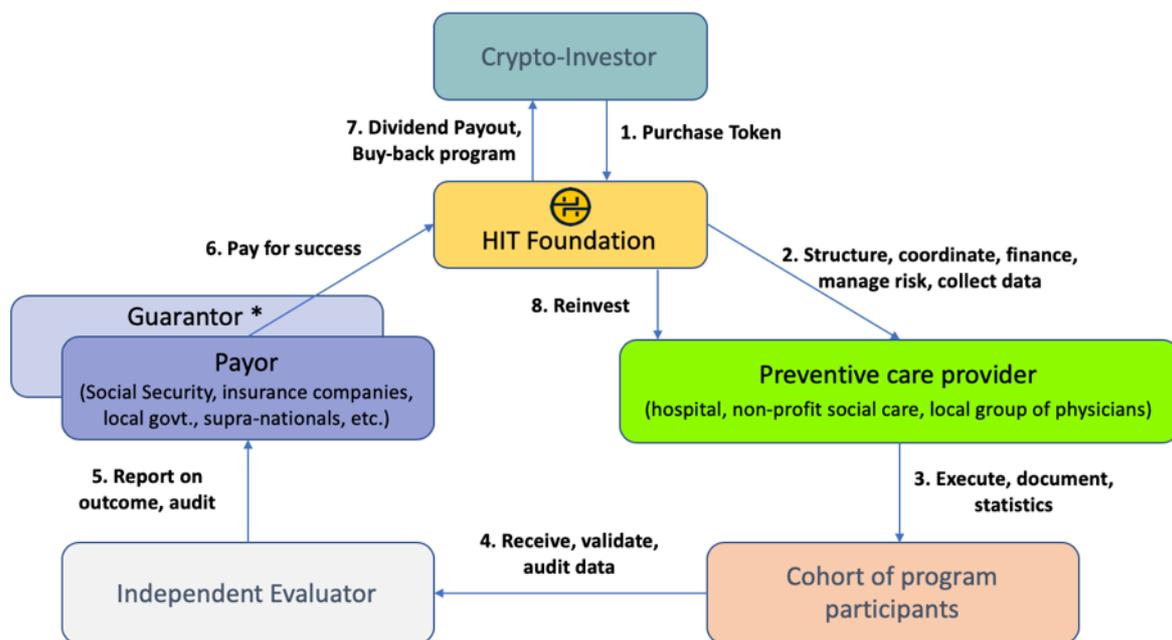
Project Characteristics

- Each project has a defined time horizon for the assessment of the project's success.
- A project consists of a traceable intervention program with pre-defined and limited costs.
- Adherence and compliance need to be measurable and must be monitored continuously.
- There must be measurable outcomes on a pre-defined aggregate population.
- Compensation for successful outcomes must be pre-contracted with stakeholders and should be funded by a portion of the actual savings.
- Beside these traits, there is considerable flexibility in the structure of the project. For example, co-payment by participants is also possible.

Team

- Sascha Mundstein (Harvard, Pfizer), Blockchain and Pharma Expert
- Mark Schmitt (Harvard, Credit Suisse) Financial Expert and Marketing
- Paul Schörghofer (Harvard, Lawyer), Legal and Non-Profit
- Kay Kim (Harvard, World Bank), Research and Government Relations
- Advisory Council (TBC):
 - Alexander Schwartz (Harvard, McKinsey) Strategy Advisor

Ecosystem



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