

INVESTMENTS IN PRECISION MEDICINE AND PRIVACY REGULATION

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Data availability is shaping the way research on drugs and treatments is performed. Precision medicine, an innovative approach made possible by the sheer volume of medical data available and the tools for analysing it, promises to revolutionize healthcare by targeting preventive care and treatments where they are most effective. We study the incentives to invest in precision medicine and its desirability from a social point of view, with a focus on the role of patients' data in health innovation. Privacy regulation may affect patients' willingness to share sensitive data for medical research and firm's costs of data collection. Our base model provides some preliminary result suggesting underinvestment in precision medicine from an aggregate welfare perspective. Privacy policy interventions may reduce the misalignment of private and social incentives.