Plasma donations: A financial lifesaver and an ethical dilemma

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When you're financially strapped, selling plasma can be an appealing option to drum up some quick cash.

Pharmaceutical companies often pay around $50 per donation for the pale-yellow blood component, a key ingredient in medications that treat immune disorders and other illnesses. Plasma pay can reach as high as

$200 per donation during times of severe shortages, and advertisements pitch earnings of $800 per month for new donors who commit to a certain number of donations.

Sellers of plasma tend to be low-income, age 35 or younger, underemployed and lacking a college degree, according to research co-authored by Emily Gallagher, assistant professor of finance in the Leeds School of Business. They're often parents, and sometimes single parents. They are also more likely to identify as Black or male.

"This is one of the highest hourly wages you can earn without any experience. You're making $50 in a 90-minute period. That's a really high wage for somebody who makes $15,000 a year," said Gallagher, whose study, co-authored by John Dooley of Olin Business School at Washington University in St. Louis, is forthcoming this year in *The Review of Financial Studies*.

Overlap in payday loans and plasma donation

More than two-thirds of plasma donors do so to pay for day-to-day essentials and emergencies, according to a national survey the researchers helped conduct in 2018 and 2019. Donors tend to have less access to credit cards or personal loans and are more likely than non-donors to take out high-interest loans from non-bank lenders.

"Roughly the same number of people are selling plasma as are using payday loans," Gallagher said. "And while there's a massive amount of literature and consumer policy focused on those alternative financial services, there's nothing on the role plasma donation is playing in the financial lives of households."

Plasma centers also consider the presence of nonbank lenders when choosing where to open new locations, according to researchers.

"It's true that you find plasma centers in lower-income areas. But even when we control for factors like poverty and unemployment rates, we find that the more payday lenders and pawn shops that are in a local area, the more likely that a plasma center will soon open there," Gallagher said. "It probably is the case that when plasma centers are analyzing where to open, the prevalence of these types of alternative lenders is a good signal of a market to enter."

The researchers also found that within four years of a plasma center opening, nearby residents become substantially less likely to inquire about a new payday or installment loan since they can tap their plasma as an alternative source of liquidity. Gallagher said this effect is found primarily among younger adults (age 35 or younger), which matches the age demographics of plasma donors.

It's important to note that plasma centers aren't helping people who are already deep in payday loan debt escape it, she added, but "they provide a last-minute bridge, say if you're $100 short on rent and facing eviction."

Still, it's significant that plasma centers reduce demand for new high-interest debt, given that a typical two-week payday loan carries a 400% APR, and 80% of payday loans get rolled over at least once, according to the Consumer Financial Protection Bureau. The researchers estimate that U.S. households avoid roughly $180 million to $227 million in payday and installment borrowing costs annually because of access to plasma centers.

The booming global blood plasma market

Just over 3 million people in the U.S.—predominantly low-income adults—provided around 70% of the world's plasma in 2019, according to the researchers' tabulations of industry data.

That's because the U.S. is one of only five countries worldwide that allows pharmaceutical corporations to compensate donors, and it permits relatively high donation frequencies (twice per week and up to 104 times per year) compared with Austria, the Czech Republic, Germany and Hungary. Austria, for example, allows 50 donations per year at an average of 30 euro per donation, the paper points out.

Driven by increasing demand for medications that incorporate plasma from healthy donors, the global plasma market is forecast to reach $45.7 billion by 2027, up from $33.2 billion in 2022, according to market research company BCC Research.

Consequently, the number of blood plasma centers in the U.S. more than doubled between January 2014 and July 2021, the researchers found.

Repeat donation is vital to plasma centers. Due to regulatory requirements, centers can't process a first donation until a second donation within six months passes all tests. To attract and encourage repeat donors, plasma centers use raffles, loyalty cards, referral bonuses and compensation that increases with the number of donations.

While a fifth of plasma donors only donate once, 29% did so more than 10 times in a six-month period, according to the research, and 10% of donors reported donating 40 times or more during that period.

Ethical questions

The World Health Organization advises countries against compensated markets for human materials to avoid exploitation, and it raises concerns about the "harmful consequences to the health of donors of too frequent blood donations."

But the potential health effects of regularly donating plasma are largely unknown, Gallagher points out, because few medical studies exist due to high dropout rates, a focus on short-term outcomes and other factors.

"We have such a small population serving the global plasma market, and to not know what impact it's having on them in the long term is concerning," Gallagher said.

She added that sellers benefit financially in the four-year window the researchers studied, and any health costs incurred did not appear to overwhelm financial gains in the first four years after a plasma center opened. "But who knows what happens after four years," Gallagher said.

"Nobody actually knows what the longer-term health costs of doing this twice per week might be," she added. "People who come into these plasma centers may assume that it has been determined that two times per week is based on clear scientific study and therefore it must be safe, otherwise the government would not allow that frequency.

"There are a lot of unanswered ethical questions, such as weighing two lives in a sense: the people selling plasma and the people who are dependent on plasma-derived medications. Nobody can do that calculus, especially without knowing what the health costs are going to be of frequently selling plasma."

More information: John Dooley et al, Blood Money: The Financial Implications of Plasma Sales for Individuals and Non-Bank Lenders, *SSRN Electronic Journal* (2021). DOI: 10.2139/ssrn.3940369

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