

Study estimates R&D spending on bringing new cancer drug to market

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Research and development costs are a common justification for high cancer drug prices and a new study published by *JAMA Internal Medicine* offers an updated estimate of the spending needed to bring a drug to the U.S. market.

Sham Mailankody, M.B.B.S., of the Memorial Sloan Kettering Cancer Center, New York, and coauthors analyzed U.S. Securities and Exchange Commission filings for drug companies with no drugs on the U.S. market that received approval from the U.S. Food and Drug Administration for a cancer drug from 2006 through 2015. The analysis by the authors included 10 companies and drugs. They used a different approach to update previous estimates that had ranged from \$320 million to \$2.7 billion to develop one new drug.

The authors report:

- The 10 companies had a median time of 7.3 years to develop a drug.
- The median cost of drug development was \$648 million.
- The total revenue of these 10 drugs was \$67 billion from the time of approval to December 2016 or until the company sold or licensed the compound to another company.
- The median revenue for these companies in 2017 U.S. dollars was about \$1.6 billion and the average was almost \$6.7 billion.

The authors acknowledge study limitations, including a small data set.

The analysis also pertains only to cancer drugs and cannot be extrapolated to other sectors where drug development can be harder for biological reasons.

"This analysis provides a transparent estimate of R&D spending on cancer drugs and has implications for the current debate on drug pricing," the article concludes.

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