

# Uneven growth in US medical and health R&D investments across sectors

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Total U.S. investment in medical and health R&D in the U.S. grew by 20.6% from 2013 to 2016 led by industry and the federal government, according to U.S. Investments in Medical and Health Research and Development, a new report from Research!America. Industry continues to invest more than any other sector, accounting for 67.4% of total spending in 2016, followed by the federal government at 21.9%. Federal investments increased from 2013 to 2014 and 2015 to 2016, largely due to increases in the National Institutes of Health (NIH) budget, with a slight decline in NIH and total funding from 2014 to 2015.

Academic and other research institutions ramped up their R&D investment substantially over the four-year period, increasing their spending by 16.6%, while foundations, voluntary [health](#) associations and professional societies increased investments by 4.7%. State and local government investment grew nearly 12% from 2013 to 2016. Despite overall investment growth, medical and health R&D continues to account for less than five percent of the total \$3.5 trillion in U.S. health spending.

"The uptick in investments across sectors is positive, but as a percentage of total U.S. health spending, investment in research remains stagnant," said Research!America's Chair, the Honorable Michael Castle. "If we are to get out in front of the costly toll of disease we must ramp up our commitment to putting research to work to find solutions to the opioid epidemic, Alzheimer's disease, cancer and other deadly health threats."

Biopharmaceutical companies contributed the largest share of funding within the industry sector (77.5%) in 2016, accounting for more than half (52.3%) of total U.S. R&D expenditures last year. The two-year suspension of the medical device tax, which went into effect in 2016, likely contributed to an increase in R&D investments in the medical technology sector last year.

Industry members, including those specializing in software, semiconductors and transportation equipment, increased investments substantially on a percentage basis from 2013 to 2016, likely as an iterative effect of [investment](#) growth in the medical technology sector or diversification strategies.

Federal R&D investments were uneven across health agencies during the four-year period. While the NIH experienced a "bounce back" in funding from 2015 to 2016 after a slight decline the previous year, the Centers for Disease Control and Prevention (CDC)'s budget was cut nearly 45% from 2015 to 2016 as supplemental funds tied to the Ebola outbreak dwindled.

"After years of decline, R&D investments are growing but not across all sectors in the robust way necessary to ensure the pace of scientific progress," said Mary Woolley, president and CEO, Research!America. "We haven't come close to recouping the almost 25% loss in purchasing power that NIH alone experienced in the previous decade; meanwhile, patients are waiting."

**More information:** [www.researchamerica.org/sites/.../InvestmentReport.pdf](http://www.researchamerica.org/sites/.../InvestmentReport.pdf)

Provided by Research!America

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