

Mean cost of bringing new drug to US market is \$879.3 million, study estimates

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The mean cost of developing a new drug for the U.S. market is estimated to be \$879.3 million when both drug development failure and capital costs are considered, according to a study [published](#) online June 28 in *JAMA Network Open*.

Aylin Sertkaya, Ph.D., from Eastern Research Group Inc., in Lexington, Massachusetts, and colleagues assessed the mean cost of drug development for the U.S. market and how research and development (R&D) intensity changed over time. The model included public and proprietary data sources from 2000 to 2018.

The researchers found that the estimated mean cost of developing a new drug was approximately \$172.7 million (2018 dollars; range, \$72.5 million for genitourinary to \$297.2 million for pain and anesthesia), which included postmarketing studies. When cost of failures was included, the cost increased to \$515.8 million and the mean expected capitalized cost of drug development increased to \$879.3 million (range, \$378.7 million for anti-infectives to \$1.756 billion for pain and anesthesia).

From 2008 to 2019, the [pharmaceutical industry](#) experienced a decline of 15.6% in sales but increased R&D intensity from 11.9 to 17.7%. R&D [intensity](#) of large pharmaceutical companies increased from 16.6 to 19.3% and sales increased by 10.0% (from \$380.0 to \$418.0 billion) over the same period, even though the cost of drug development remained relatively stable or may have even decreased.

"These results highlight the importance of understanding the scale and factors associated with the costs of drug [development](#) to inform the design of drug-related policies and their potential impacts on innovation and competition," the authors write.

More information: Aylin Sertkaya et al, Costs of Drug Development and Research and Development Intensity in the US, 2000-2018, *JAMA Network Open* (2024). [DOI: 10.1001/jamanetworkopen.2024.15445](https://doi.org/10.1001/jamanetworkopen.2024.15445)

Olivier J. Wouters et al, Quantifying Research and Development Expenditures in the Drug Industry, *JAMA Network Open* (2024). [DOI:](#)

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