

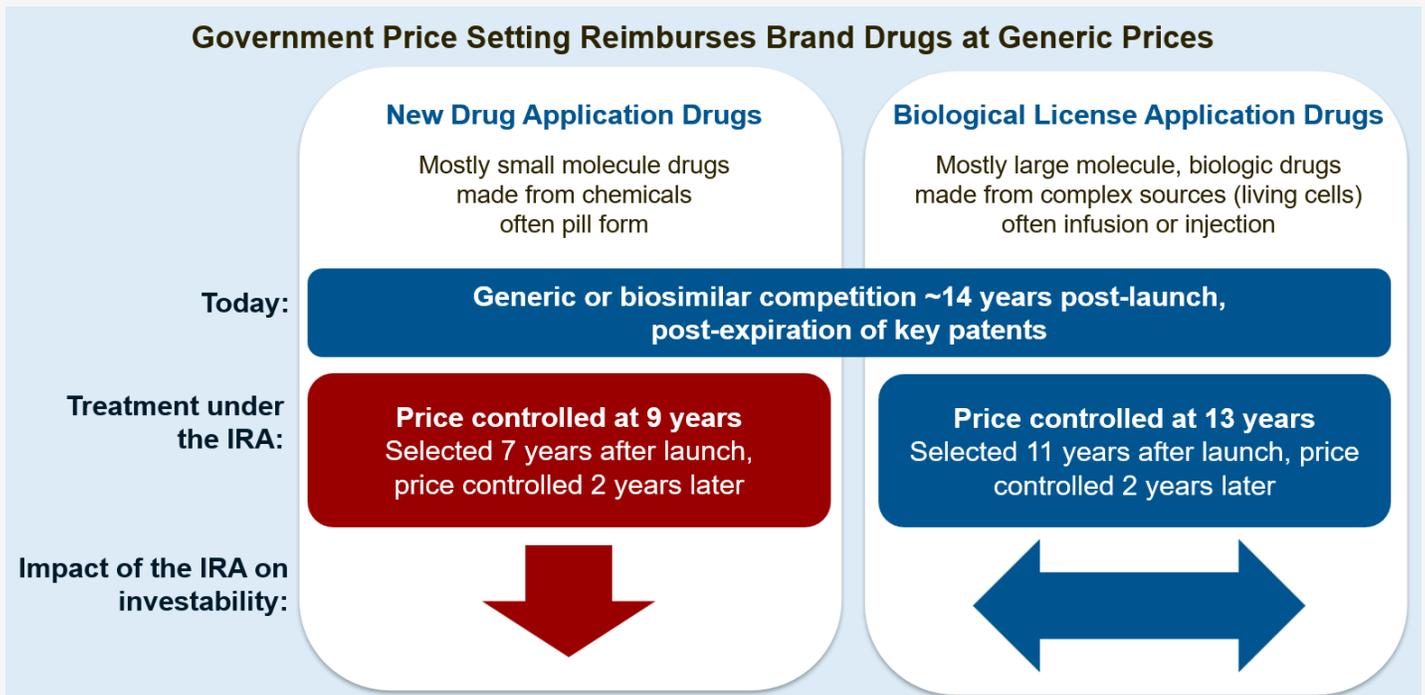
## The Inflation Reduction Act and Drug Innovation

**IRA Negotiation Readiness:** Early Signals Show a Growing “Pill Penalty” Impact on Investment and Evidence



### Challenge

**Inflation Reduction Act (IRA) timing accelerates Medicare negotiation exposure, especially for small molecules, requiring earlier value demonstration and sharper lifecycle planning.**



### Methods

**Policy Analysis:** Recent investment data, US FDA drug approval statistics and industry surveys, including trends in Venture Capital (VC) funding, pharmaceutical R&D strategies and case studies of pipeline changes since IRA enactment

**Stakeholder Survey Analysis:** Industry and investor perceptions of incentives, strategic shift and market expectations

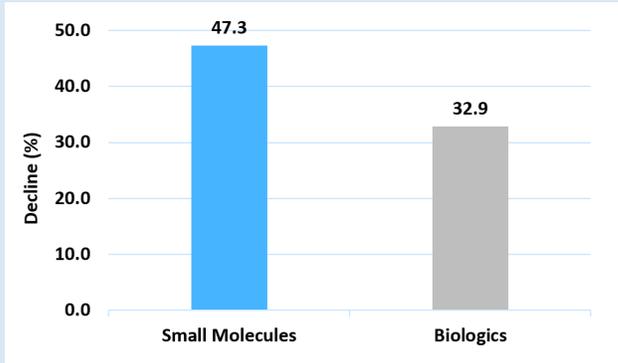
**Broader Implications for Patient Care and Market Competition:** Secondary impacts determined by synthesizing professional commentary and economic forecasts

- READ Method**
- Ready Materials**
- Extract Data**
- Analyze Data**
- Distill Findings**



# A Closer Look

% Decline in Post-approval Trials Post-IRA

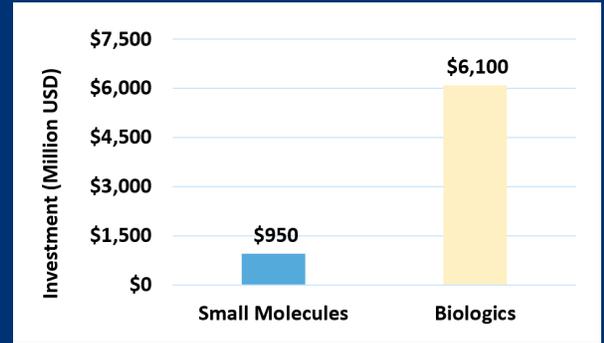


**-47.3% vs -32.9%**  
 Greater drop  
 for small molecules vs biologics

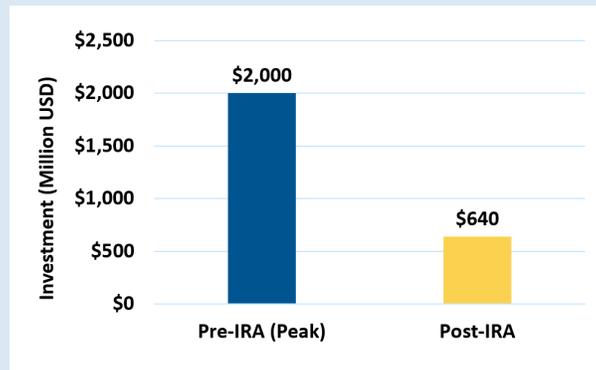
## 2024 Venture Capital Investment Small Molecules vs Biologics

2024  
 investment  
 favored  
 biologics

**~10x**



VC Investment in Small Molecules Pre- vs Post-IRA



**~68%**

Small-molecule  
 VC investment  
 declined post-IRA



## Key Insights

- **Build value proof earlier (especially small molecules). Prioritize early comparative evidence, durability, and clear population definition**
- **Make lifecycle and label expansion strategy explicit. Align launch/expansion to Medicare exposure and negotiation timing.**
- **Compete on evidence when post-approval trials decline. With post-approval research contracting, a proactive RWE/HEOR plan becomes a differentiator.**

Presented at the [ISPOR EU Congress, Glasgow, Scotland, UK: 9-12 Nov 2025](#)

### About Columbia Data Analytics

CDA brings deep experience across diverse data assets, applying a “hands-on-the-data” approach to ensure fit-for-purpose quality that is accurate, complete, timely and decision-ready.

We pair rigorous study design and methodology with customer-centric consulting, emphasizing transparency, clear and consistent communication and on-time delivery of actionable results.



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