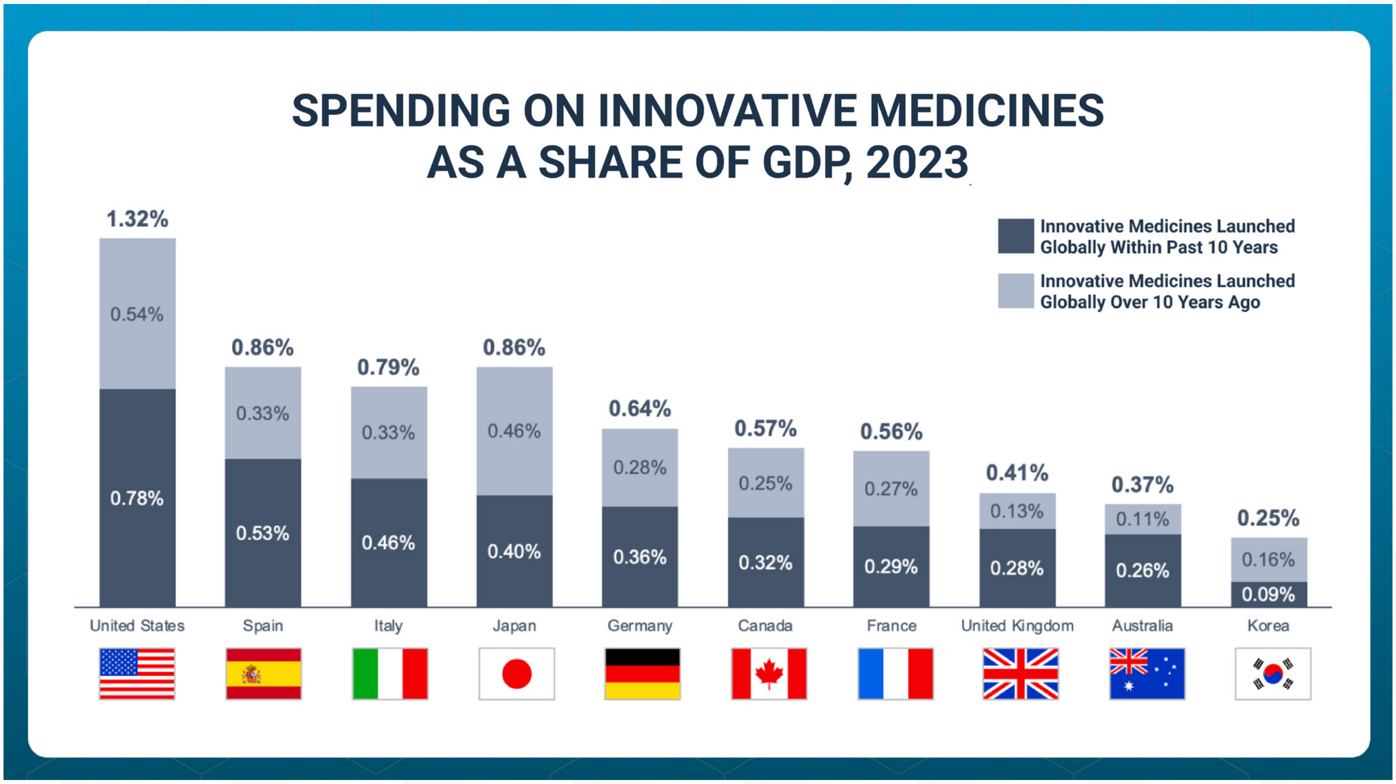
High-Income Countries Under-Spend on Innovative Medicines

Foreign governments undervalue innovative medicines and block patient access despite the immense value of breakthrough treatments and cures. As a result, Americans shoulder a disproportionate burden of global research and development costs.

The EY Research Brief, "**High-Income Country Spending on Innovative Medicines,**" compares countries' spending as a share of GDP on new active substances first launched globally during the past ten years. The research shows that most high-income countries do not pay for innovations proportionately to their wealth. The differences in spending are driven by health care policies, particularly how innovative medicines are priced and the extent to which they are reimbursed by health insurance.

The effects of unreasonable pricing and reimbursement policies continue beyond the first ten years of product life cycles. The data also show that other high-income countries continue to under-spend on innovative medicines launched more than ten years ago that are still in the period of protection afforded by patents or other regulatory protections such as data protection.

Case Study: Germany is a clear example of the imbalance. Germany contributes less than half as much as the United States as a share of GDP for both measures: 0.36% vs. 0.78% for recently launched medicines, and 0.64% vs. 1.32% overall.



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