Thanks to America's IP System, Medicine Costs Go Down Over Time

America's intellectual property (IP) system ensures that groundbreaking treatments and cures become more affordable for patients and the health care system over time.

America's strong IP protections, including patents, strike a critical balance between fostering innovation and ensuring affordability. Patents help the U.S. lead the world in biopharmaceutical research, with over half of the global pipeline of new medicines created here.[i] This gives American patients first and broader access to cutting-edge treatments and cures.[ii]

Because inventors must publicly disclose the details of their invention in the patent application, the resulting transparency serves as the foundation for biopharmaceutical competition, from other brands as well as generic and biosimilar alternatives. As generic and biosimilar competitors enter the market, thanks in part to the abbreviated approval pathways offered by the Hatch-Waxman Act and Biologics Price Competition and Innovation Act (BPCIA), they can drive prices down significantly, lowering the cost of medicines by 80-85% less than their brand predecessors.[iii]

The chart below shows this process in action, comparing the cost before generics to today's costs for five different medications, all of which saw at least a 90% reduction in cost over time.

Example Therapeutic Area	Target Patient Population	Average Monthly Cost of Medicine		Percent Cost Reduction
		Cost of Brand Drug Before Generics	Cost of Generic Drug Today	
Drug A HIV	1.2 million	$3,048	$213	**93%**
Drug B Kidney Disease	500,000	$1,386	$57	**96%**
Drug C Neurology	1 million	$5,812	$186	**97%**
Drug D Neurology	33 million	$681	$15	**98%**
Drug E Cancer	74,000	$4,085	$403	**90%**

Source: PhRMA analysis of Navlin Historical Pricing data

Thanks to IP and the competition it fosters, the cost of the world's most innovative medicines declines over time, making it the only part of the health care system where prices go down. Today, 90% of all prescriptions in the U.S. are filled with generics with an average copay of just $6.95.[iv] That's a cycle of innovation and competition that is a uniquely American success story, and one worth protecting.

Sources:

i Chandra, A., et al. (2024). Comprehensive measurement of biopharmaceutical R&D investment. Nature Reviews Drug Discovery, 23, 652–653. https://doi.org/10.1038/d41573-02400131-2; PhRMA. (2022). Analysis of PitchBook data: Companies and deals. Seattle, WA: PitchBook Data Inc. https://pitchbook.com/data; TEConomy Partners. (2024). The economic impact of the U.S. biopharmaceutical industry: 2022 national and state estimates. https://www.teconomypartners.com/wp-content/uploads/2024/05/The-Econ-Impact-of-U.S.Biopharma-Industry-2024-Report.pdf

ii PhRMA analysis of IQVIA MIDAS® and country regulatory data. October 2022. Note: New medicines refer to new active substances approved by FDA, EMA and/or PMDA and first launched in any country between January 1, 2012, and December 31, 2021. Switzerland and the United Kingdom are included in Europe for purposes of this analysis. Shares include new medicines that have launched simultaneously in multiple countries

iii U.S. Food and Drug Administration. (2021). Generic drugs: Questions & answers. https://www.fda.gov/drugs/frequently-asked-questions-popular-topics/generic-drugs-questions-answers

iv Association for Accessible Medicines. (2025). The U.S. Generic & Biosimilar Medicines Savings Report. https://accessiblemeds.org/wp-content/uploads/2025/09/AAM-2025-Generic-Biosimilar-Medicines-Savings-Report-WEB.pdf

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