

HOW THE "SMALL MOLECULE PENALTY" DETERS Rx INVESTMENT

NEW MEDICINES ARE EXPENSIVE AND TIME-INTENSIVE

Research and development of a single drug can take **10-15 years** and cost **~\$2.6 billion**.

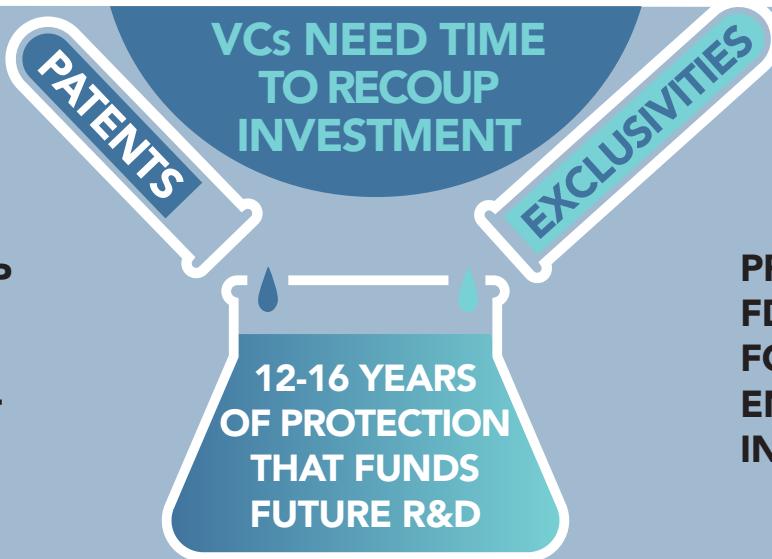


VENTURE CAPITALISTS FUND EARLY-STAGE RESEARCH AND DEVELOPMENT

Venture capital in the U.S. plays a direct role in the riskiest phase of development. **Nine out of ten** products that enter clinical trials never get approved.



20 YEARS OF IP PROTECTION FROM DAY OF FILING PATENT



PROVIDED BY THE FDA TO MAKE UP FOR GAPS AND ENCOURAGE INVESTMENT

THIS SYSTEM WORKS REALLY WELL

SO, WHAT'S THE PROBLEM?

The Inflation Reduction Act of 2022 **CHANGES** this by creating a **price control** on small molecule drugs **after 9 years**.

- Small molecule medicines are generally pills, tablets, or capsules that provide important treatment options for cancer, neurological conditions, and more.
- 50% of investment returns come in **years 9-13**.

AS A RESULT, INVESTORS WILL BE DETERRED FROM INVESTING FOR SUCH A SHORT RETURN HORIZON.

THIS IS THE SMALL MOLECULE PENALTY.



FORTUNATELY, THERE IS A SOLUTION

This problem can be easily fixed without undoing the IRA.

Bringing 13-year parity to small molecule medicines will ensure science of all types can advance and continue to improve health outcomes for patients.

