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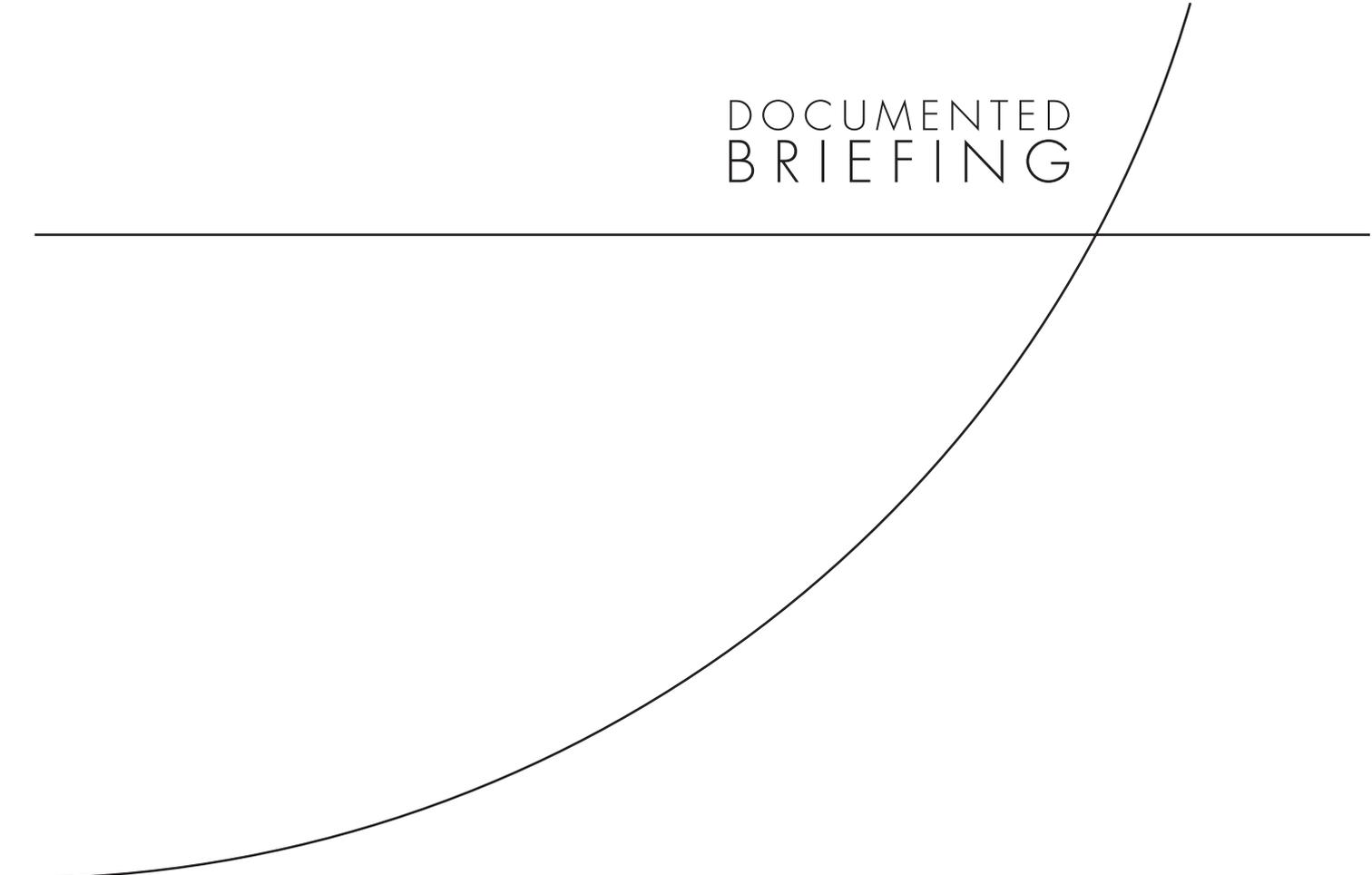
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DOCUMENTED
BRIEFING

Health and Medical Research in the United States

Observatory on Health Research
Systems

Miriam Shergold

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Summary

Summary: Key Points

- The United States holds a premier position in funding and conducting health R&D
- Key players among funders are industry and the NIH
- Industry and NIH strive to optimise investments through governance arrangements and funding policies that reflect the respective priorities of profitability and public health improvements
- Following a surge in funding at the turn of the millennium, recent years have seen budgets stagnate
- Funding shortages, ethical restrictions, and immigration hurdles threaten the United States' traditional ability to attract, develop, and retain world-class research capacity

The United States is the world leader in health research in terms of total investment, as well as investment in proportion to overall health spending. In the decade leading up to 2003, investment almost doubled to \$94.3 billion (0.86% of GDP²), representing 5.6 percent of total health spending. The country hosts a range of world-class public and non-profit research institutions that attract international talent and recognition. At the same time, it is a hub for industrial R&D in pharmacology, biotechnology, and medical devices: in 2003, 70 percent of the global drug development pipeline belonged to companies headquartered in the United States. Health R&D has traditionally benefited from support from both leading political parties.

Due to the scale of R&D activities in the United States, even funders that compare to large investors in other research intensive countries are dwarfed by the system's principal players: industry and the publicly funded National Institutes of Health (NIH). Together, these key players provide over 80 percent of all support of health research in the country.

The large budgets handled by businesses and the NIH pose a significant strategic challenge to the organisations' leaders. This is addressed by governance structures that reflect the respective aims of generating profits for shareholders and supporting research excellence in the service of public health. Both private and public funders have formulated strategic

² Percentage of gross domestic product (GDP) statistics are calculated using OECD Statistics: GDP, Annual in millions Current Prices (National Currency). <http://stats.oecd.org>

priorities to guide their funding policy. This is exemplified by the NIH Roadmap for Medical Research, which identifies key prerequisites for effective future investigation, and companies' decisions to focus on specific therapeutic areas or rates of return.

Following a period of rapid growth up to 2003, during which the NIH budget doubled, funding levels have stagnated, a trend also noticeable in for-profit investment. Influenced by competing public demands, such as public resources needed for disaster relief, this development has led to grave concerns among researchers. In particular, it has become increasingly difficult for young researchers to obtain support. Research advocacy representatives also argue that diminished investment will result in higher health costs in the future.

There is concern that young researchers' difficulties in obtaining support to develop their career and investigations will undermine recent years' successes in fostering a new generation of promising scientists. Researchers also warn that more cumbersome immigration procedures and ethically motivated restrictions on research, for example on research with stem cells, are affecting the United States' traditional status as a researcher magnet.