PRESS RELEASE: New Study Finds Decline in Small-Molecule Cancer Research Following Inflation Reduction Act

Peer-reviewed analysis identifies a 37% decline in follow-on small-molecule oncology studies and a 27% decline in lead-indication approvals, raising questions about potential implications for future cancer treatment development

WASHINGTON, D.C. — November 2, 2026 — A new peer-reviewed study published in *Therapeutic Innovation & Regulatory Science* finds that the introduction of the Inflation Reduction Act (IRA) was associated with significant declines in follow-on research for small-molecule cancer treatments, raising questions about the law's potential implications for pharmaceutical innovation and future patient access to new therapies.

The study, *The Inflation Reduction Act's Modeled Impacts upon Late-Stage R&D*, analyzed 1,148 secondary clinical trials associated with 364 FDA-approved medicines across 175 companies between 2018 and 2025. Researchers used statistical modeling to examine changes in post-approval drug development and the distribution of research activity across disease areas before and after the IRA's introduction.

The findings indicate that the effects of the legislation on late-stage pharmaceutical research may warrant greater attention from policymakers, particularly in oncology, where continued clinical development can expand treatment options for patients with serious and difficult-to-treat cancers.

Key Findings: Small-Molecule Oncology Research Shows Significant Declines

The researchers identified several notable changes in pharmaceutical research activity following the IRA's introduction:

- **37% decline in small-molecule oncology follow-on studies:** The modeled average number of annual studies fell from 52 before the IRA to 33 afterward, a statistically significant reduction.
- **27% decline in lead-indication small-molecule oncology approvals:** The modeled annual average decreased from 11 to 8 following the IRA's introduction.
- **14% decline in the share of orphan oncology studies:** The proportion of follow-on oncology research targeting rare diseases declined significantly.

The researchers also estimated a decline of approximately 19 small-molecule oncology follow-on studies per year after the IRA's introduction. Over four years, this corresponds to

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an estimated reduction of 76 studies, with a bias-corrected 95% confidence interval ranging from 19 to 140 studies.

These findings suggest that changes in the economic incentives surrounding drug development may be associated with meaningful shifts in pharmaceutical companies' research priorities.

According to study author Harry P. Bowen, “The observed changes where quite surprising since the literature has generally argued that late-stage studies were unlikely to be significantly impacted by the IRA under the assumption that resources already committed would not be materially affected. Our findings appear to contradict that assumption.”

Why Follow-On Research Matters for Patients

Drug development does not end when a medicine receives its initial FDA approval. Pharmaceutical companies frequently conduct additional clinical trials to evaluate approved medicines for new indications, including other cancer types and patient populations with significant unmet medical needs.

These follow-on studies can expand the number of patients eligible to receive a treatment and establish additional therapeutic uses for existing medicines.

The study's findings are particularly relevant to small-molecule medicines. Under the IRA's Medicare drug price negotiation framework, small-molecule drugs generally become eligible for negotiation earlier after approval than biological products. The researchers examined whether this difference in timelines might be associated with changes in companies' decisions to pursue additional indications.

Their analysis found a statistically significant decline in the share of small-molecule oncology follow-on studies after the IRA's introduction, while the corresponding change for large-molecule biologics was not statistically significant.

The findings raise concerns about whether changes in the expected commercial returns from drug development could influence investment in additional cancer indications, including treatments for patients with advanced or treatment-resistant disease.

Implications for Policymakers

The study challenges the assumption that late-stage and post-approval research would remain largely unaffected by changes in pharmaceutical pricing policy.

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Although the IRA's potential effects on early-stage research and investment have received attention, the authors argue that post-approval research deserves greater consideration in assessments of the law's broader impact on medical innovation.

The researchers also identified a statistically significant increase in follow-on hematology research following the IRA's introduction. However, they noted that this increase originated from a relatively small pre-IRA baseline. Outside oncology and hematology, the analysis did not identify statistically significant changes in follow-on study numbers across the other disease groups examined.

The authors emphasize the importance of examining how drug pricing policies may influence the development of additional indications, particularly when those indications address serious diseases and populations with limited treatment options.

The findings may inform future discussions about how to balance efforts to control prescription drug spending with policies that support continued pharmaceutical research and the development of new treatment options.

About the Study

The research, conducted by Harry P. Bowen, Gwen O'Loughlin, Claire Schleicher, and Duane G. Schulthess, analyzed data from Biomedtracker and ClinicalTrials.gov covering the period from 2018 through 2025.

The authors employed fractional logit and fractional multinomial logit regression models to assess changes in follow-on research activity and the distribution of studies across disease groups, including oncology and hematology.

The study was published in *Therapeutic Innovation & Regulatory Science* in 2026.

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MEDIA INQUIRIES: info@vitaltransformation.com

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