IQVIA INSTITUTE FOR HUMAN DATA SCIENCE

TECHNICAL NOTE

Measuring the Estimated Size of the U.S. Pharmaceutical Market on a Net Manufacturer Price Basis

MARCH
2026

Introduction

The IQVIA Institute for Human Data Science has been estimating the size and growth of the U.S. pharmaceutical market at net manufacturer prices for 14 years. During this time, the market has seen significant change and has become more complex; however, the methods used for estimating spending at net manufacturer prices have largely remained unchanged. To better inform stakeholders and policy discussions, the IQVIA Institute has recently undertaken an extensive review and analysis of current market and measurement dynamics to develop an improved approach, utilizing best available publicly disclosed information combined with proprietary IQVIA databases, to estimate total prescription medicine spending at net manufacturer prices. This new method will provide more accurate and transparent estimates of the size and growth of spending on prescription medicines in the U.S. and will better inform discussions and decision-making by all stakeholders.

This technical note from the IQVIA Institute for Human Data Science is intended to provide an update on methodologies for research on medicine spending published in our trend reports covering the use of medicines in the U.S. Updated spending estimates for 2015–2024 provide a comparison to prior IQVIA Institute publications and estimates. Estimates based on the most up-to-date data, including 2025, will be provided in our forthcoming report on Use of Medicines in the U.S. to be published in April 2026.

Find Out More

If you wish to receive future reports from the IQVIA Institute for Human Data Science or join our mailing list, visit iqviainstitute.org.

MURRAY AITKEN
Executive Director
IQVIA Institute for Human Data Science

REFERENCING THIS PUBLICATION
Please use this format when referencing content from this publication:
Source: IQVIA Institute for Human Data Science. Measuring the Estimated Size of the U.S. Pharmaceutical Market on a Net Manufacturer Price Basis. March 2026. Available from www.iqviainstitute.org

Table of contents

The need for more accurate estimates of market size and growth

Accurately estimating the size and growth of the U.S. pharmaceutical market has become increasingly important and complex. The market today is fundamentally different from what it was 10 to 15 years ago. Historically, there has been significant variation in estimates of pharmaceutical spending in the U.S. due to differing methodologies, potentially limiting the utility of these estimates in policy and stakeholder discussions.[1] Traditional IQVIA Institute approaches to measuring pharmaceutical spending have provided a consistent and widely understood view of market activity, though these are challenged by the complexity of today's pricing and distribution dynamics. For policymakers, payers, and manufacturers, accurate and transparent market estimation is critical to deeper understanding, more meaningful discussion, and informed decision-making.

A CHANGING MARKET

One of the most significant changes in the U.S. pharmaceutical market has been the dramatic increase in rebates and the growing influence of pharmacy benefit managers (PBMs). Over the past 20 years, the gap between prescription medicine list prices [Wholesale Acquisition Cost (WAC)] and net manufacturer prices (revenues after rebates, discounts, and other concessions) has widened substantially.[2] Rebates now represent a major component of the pricing system, particularly in certain therapeutic areas and the retail and mail channels. WAC sales figures offer a clear and transparent view of list-price activity but, by design, do not fully reflect the growing role of rebates, discounts, and other concessions that shape net manufacturer revenues. Accurately estimating both WAC and net market size — and understanding the relationship between them — is essential to assessing the true economic impact of prescription medicines in the U.S.

At the same time, the product mix has shifted markedly toward specialty medicines. Specialty products, including many biologics and complex therapies, now account for a growing share of total drug spend.[3] These products often carry higher prices, require specialized handling or administration, and can be subject to different reimbursement and market dynamics than traditional drugs. Growth in specialty medicine use changes the distribution of spending across payers and sites of care, which may not be fully captured in traditional market measurement tools. Market estimates must account for these dynamics augmenting traditional measurement tools to provide a more wholistic view of the impact of specialty-driven growth on overall spending as channel mix has evolved.

The expansion of non-traditional distribution channels further complicates measuring pharmaceutical sales. Direct-to-patient programs, online pharmacies and telemedicine, specialty pharmacies, and distribution through specialized treatment centers are becoming more prevalent. These channels may not be fully captured in legacy data sources designed around traditional retail and wholesale distribution. Without accounting for these evolving distribution models, market estimates risk being incomplete or inconsistent with total medicine spending.

HEIGHTENED POLICY AND REGULATORY SCRUTINY

These structural changes are occurring alongside growing policy attention on drug pricing and growth in pharmaceutical spending. Policymakers are increasingly focused on the size and trajectory of pharmaceutical spending, examining both WAC and net sales and the impact of rebates and pricing concessions. Discussions frequently center on list prices, which are more readily available and may influence out-of-pocket costs or provider reimbursement levels but do not reflect the final prices paid by patients or payers or received by manufacturers. Net prices are frequently less transparent and more complex to estimate. Evidence-based spending estimates that distinguish between WAC and net prices are critical for informed policy discussions.

Recent regulatory actions and policy proposals, such as heightened scrutiny of PBMs and drug pricing policies, underscore the importance of understanding the differences between WAC and net sales and the medicines or parts of the system that are driving total pharmaceutical market size and growth. Inaccurate or incomplete estimates can distort assessments of stakeholder behaviors, pricing practices, impacts on patients, and the overall functioning of the pharmaceutical system.

IMPROVING MARKET ESTIMATION

In this evolving environment, precise market estimation serves multiple purposes. For policymakers, it provides the foundation needed to evaluate potential reforms and monitor market conditions. For payers and PBMs, it supports contract negotiations and formulary management. For manufacturers, it informs strategic planning and pricing decisions.

Given the increasing divergence between WAC and net sales in addition to growing policy focus, there is increasing value in complementing established methodologies with additional data sources that reflect how pricing and revenues are realized in today's market. Innovative estimation approaches to understand total prescription medicine spending in the U.S. are essential to accurately reflect today's pharmaceutical market. As the market continues to evolve, the ability to measure it correctly will be central to ensuring informed decisions, effective policy, and a sustainable healthcare system.

For policymakers, payers, and manufacturers, accurate and transparent market estimation is critical to deeper understanding, more meaningful discussion, and informed decision-making.

Methodology

The IQVIA Institute has developed a novel methodology for estimating both total WAC and net sales, expanding upon established approaches by integrating multiple proprietary IQVIA data assets with publicly disclosed company-reported net sales to transparently address unaudited data, distribution complexities, and inherent reporting limitations.

COMPANY REPORTED NET SALES COLLECTION

Annual U.S. net sales were gathered at the product, franchise, or product group level for nearly 60 pharmaceutical companies, covering the period from 2015 through 2024, where data was publicly available. These data were sourced from annual investor reports, SEC filings, and other public financial disclosures. The companies included in the analysis span a wide range of sizes, from those reporting approximately $600Mn in total U.S. net revenue in 2024 to those exceeding $40Bn. In aggregate, these companies reported over $500Bn in U.S. net revenue in 2024. These include companies that are predominantly selling branded medicines as well as those selling generic medicines in the U.S.

Where companies directly reported U.S. net sales for an individual product, those figures were used. In cases where only global net sales for an individual product were disclosed, an estimate of the U.S. portion was derived either from other company reported sales data or from IQVIA MIDAS data — a platform that integrates IQVIA's national audits of pharmaceutical sales across 77 countries.

Certain reported sales were excluded to maintain consistency and comparability. These exclusions included franchise or group-level sales where the underlying product composition was unclear (for example, categories such as "Other Neuroscience"), alliance revenues, profit-sharing arrangements, or active pharmaceutical ingredient (API) sales that did not represent direct product sales.

Partial-year sales resulting from acquisitions or divestitures were also excluded unless a reliable estimate could be made using quarterly financial disclosures from both companies involved in the acquisition or divestiture to derive a full-year estimate. Sales related to Medtech or over the counter (OTC) products were also excluded.

ESTIMATING SPENDING AT NET MANUFACTURER PRICES

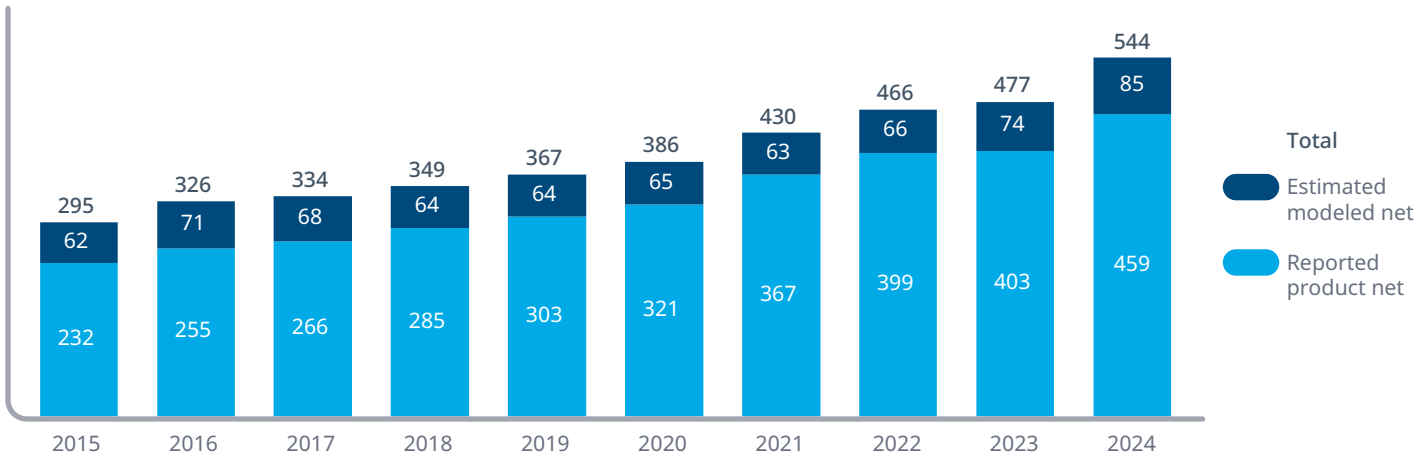
Where valid company-reported U.S. product net sales are available and not excluded as described above, these figures are used directly as reported product net sales. For the remaining prescription medicines where company-reported product net sales are not available, net sales are modeled using sales at list prices [Wholesale Acquisition Cost (WAC)] from IQVIA National Sales Perspectives (NSP), which measures dollar and unit sales for pharmaceutical products in the U.S. across multiple distribution channels sourced from more than 500 suppliers, and appropriate average net sales adjustments (NSAs) (Exhibit 1).

Average NSAs are derived annually from products where both net sales (from company reports) and list price sales (from IQVIA NSP) are known. Product level net sales are compared to list price sales, where IQVIA list price sales data is sufficiently robust, and an NSA factor is derived for each product. Sales-weighted average NSAs are then derived for in-sample products across protection status (i.e., new brands, protected brands, and brands facing loss of exclusivity), product type (biologic, small molecule), and therapy areas. Additionally, biosimilar NSAs are derived from in-sample biosimilar net and WAC sales. For generics, company-level NSAs are calculated using the total generic net sales from the sample of generic companies collected previously compared to their total WAC sales in IQVIA audits, and company-level NSAs are averaged annually for an overall generic NSA.

ESTIMATING SPENDING AT LIST PRICES [WHOLESALE ACQUISITION COST (WAC)]

It is important to note that IQVIA audits accurately report all product distribution channels that are observable and within scope, however some direct or specialized distribution channels may be outside the scope of IQVIA sales audits. Certain products — such as cell and gene therapies shipped directly to treatment centers and medicines distributed through patient support or direct-to-patient programs — may bypass traditional distribution pathways tracked by IQVIA. IQVIA audits continue to provide robust and accurate coverage of traditional distribution channels; however newer channels have expanded beyond the original design of these audits and may not be captured. For this reason, an estimate of the total U.S. prescription medicine

Exhibit 1: Source of sales estimate for updated U.S. pharmaceutical sales net model, 2015–2024, US$Bn



Source: IQVIA Institute, Mar 2026.

market at list prices (WAC) is necessary to provide a meaningful comparison to estimated net sales.

To estimate total U.S. market WAC sales, several approaches are used (Exhibit 2):

- For many products (e.g., traditional retail medicines, generics), WAC sales are taken directly from IQVIA-audited National Sales Perspectives (NSP) data.
- Other proprietary IQVIA sales data and collected company reported net sales data are used to gross up WAC sales from NSP where potential areas outside the scope of NSP are observed (e.g., unprojected mail, specialty distribution channels).
- Where company-reported net sales are the only source of sales data because the product is mostly or entirely out-of-scope for NSP (e.g., cell and gene therapies), WAC sales are estimated from company-reported net sales using average NSAs derived earlier across protection status, product type, and therapy areas.

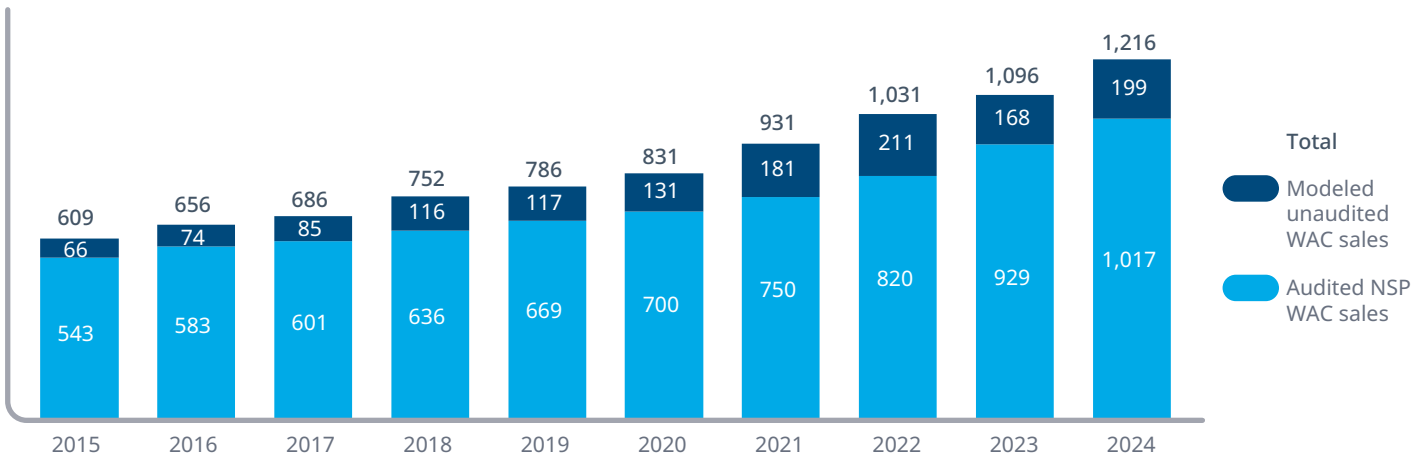
LIMITATIONS

Several important limitations must be acknowledged in this model of net and WAC sales. Company-reported net product sales are typically unaudited and represent management estimates disclosed in financial filings; these figures are subject to subsequent revision. Moreover, company-reported sales reflect transactions to wholesalers, distributors, or directly to outlets, whereas IQVIA audits reflect sales into dispensing outlets, retail chains, and healthcare providers from manufacturers and distribution centers. These represent different points in the supply chain and may not directly correspond to the volume of medicines ultimately used by patients.

Data availability also varies. Non-public companies may not report net sales at all, and public companies may not consistently disclose granular product-level net sales, limiting the precision of individual product estimates. In cases where U.S. shares of global net product sales are applied, these estimates may either overstate or understate the actual U.S. net sales for a given product. In addition, some parts of the U.S. pharmaceutical market, including compounding and self-importation, are unable to be accurately estimated and are not included.

Where average NSAs are used to either estimate net or WAC sales, these NSAs do not reflect the true rebates, discounts, or other concessions for that individual product but rather an estimate based on other similar observed products. This may over- or under-estimate net or WAC sales depending on the NSA applied.

Exhibit 2: Source of sales estimate for updated U.S. pharmaceutical sales list price (WAC) model, 2015–2024, US$Bn



Source: IQVIA Institute, Mar 2026.

Impact of new methodology on estimate of market size and growth

Prior net and WAC estimates were anchored in IQVIA-audited NSP data, which continues to provide robust coverage of traditional channels, while the updated methods described here extend coverage to additional channels that have become more prominent by integrating multiple proprietary IQVIA data assets and company-reported net sales data. Taken together, this provides a more complete view of the U.S. medicines market and results in estimates of the size and growth of the market at both list and net prices that differ from prior IQVIA Institute methods.

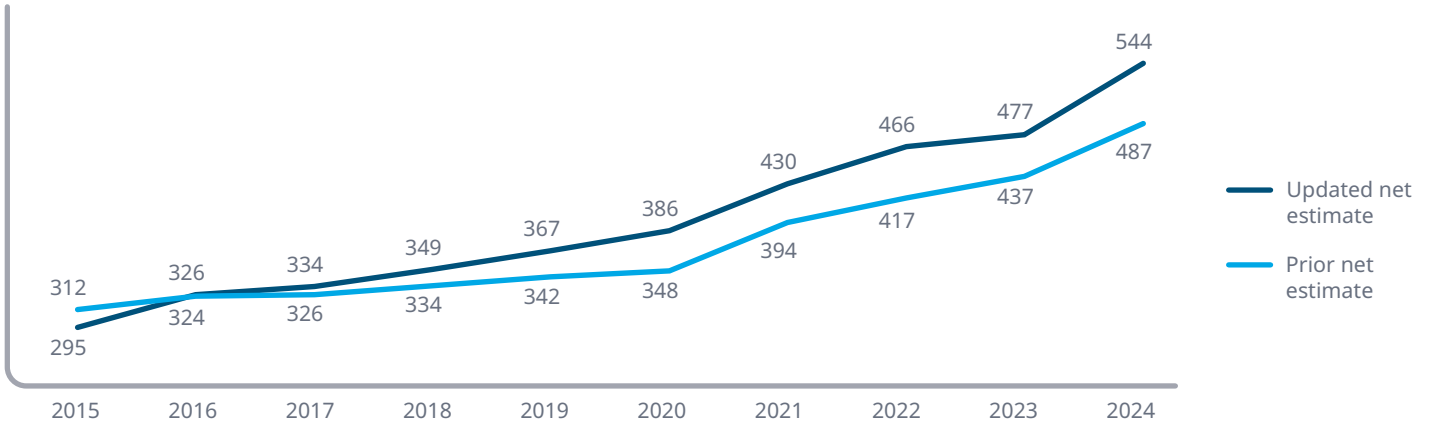
DIFFERENCES IN SPENDING ESTIMATES AT NET MANUFACTURER PRICES

Prior methods of estimating medicine spending at net manufacturer prices utilized sales-weighted average net sales adjustments (NSAs) for a subset of therapy areas and product types applied to IQVIA-audited list price sales, whereas the updated methodology integrates the prior NSA methodology with company-reported net sales for individual products. This results in a significant difference in both the size and growth of the market at net manufacturer prices.

The difference between the prior and updated net estimation methods is relatively small in the earlier part of the last decade and, in fact, the prior method overestimated net sales in 2015 compared to the updated method (Exhibit 3). Estimates between the two methods differ by less than 5% 2016–2018. The difference between estimates began to be more significant beginning in 2019, reaching $25Bn, and have generally continued to grow since then. The difference between the two methods reached an all-time high in 2024, with the prior method estimating total net sales of $487Bn and the updated method estimating net sales $57Bn, or 12%, higher at $544Bn.

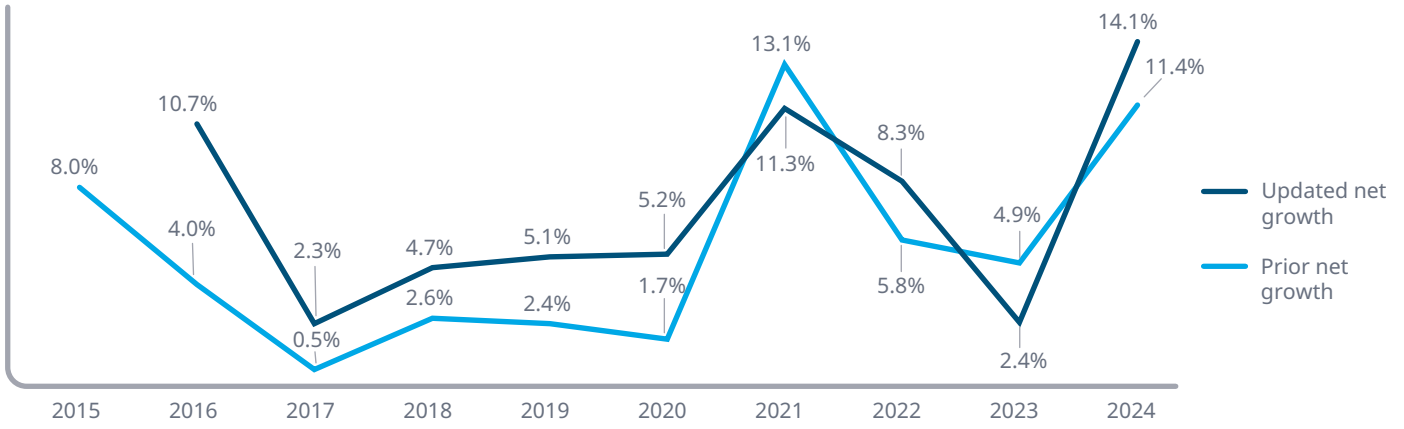
These method changes also result in different estimates of total market growth. While the growth trend remains highly similar between the two methods, actual growth percentages differ by a few points, typically with higher growth seen in the updated method (Exhibit 4). Previous estimates resulted in 11.4% total net sales growth in 2024, whereas updated estimates result in 14.1% total net sales growth in 2024. These differences between methods in both the size and growth of the U.S. medicines market at net manufacturer prices underscore the importance of updating estimation methods to avoid over- or under-estimating the size and trajectory of spending on medicines.

Exhibit 3: Comparison of model estimates of the total U.S. pharmaceutical market at net manufacturer prices, 2015–2024, US$Bn



Source: IQVIA Institute, Mar 2026.

Exhibit 4: Comparison of model estimates of total U.S. pharmaceutical market net sales growth, 2015–2024



Source: IQVIA Institute, Mar 2026.

The magnitude of difference between the updated and prior net sales estimates varies across therapy areas and product types. For example, estimated 2024 spending on oncology drugs in the updated model is $124Bn compared to $103Bn in the prior model. Despite this $21Bn difference in magnitude between the models, oncology net sales growth in 2024 is estimated to be 16% in both models. A smaller difference between the two models is seen in immunology, where 2024 estimates differ by less than $1Bn and the updated estimate is 1% lower than the prior estimate. However, growth in immunology does differ between the two models driven by differing estimates for 2023 net sales, with the updated model estimating 5% growth compared to 10% in the prior model.

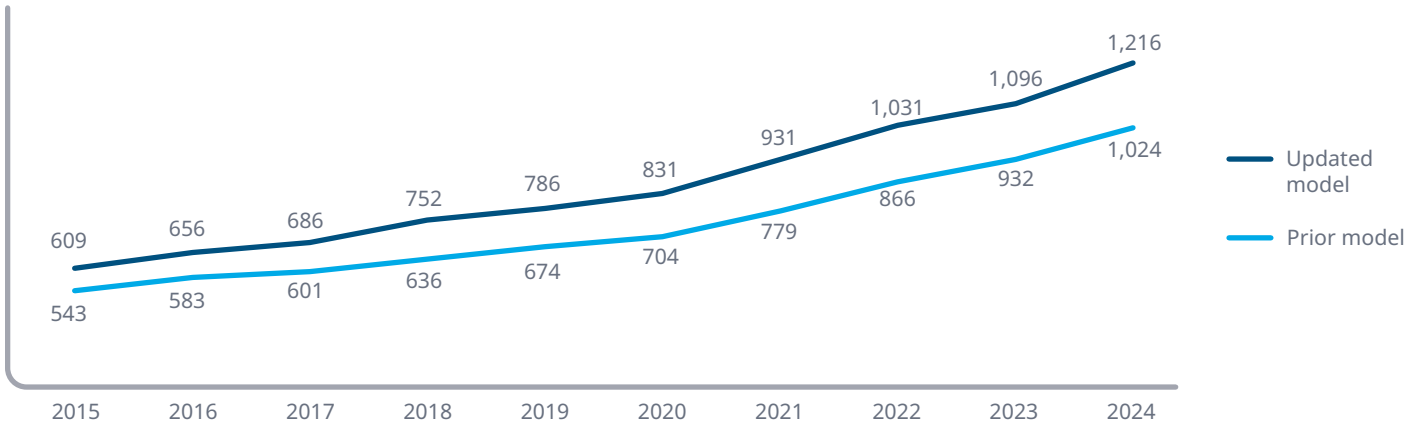
DIFFERENCES IN SPENDING ESTIMATES AT LIST PRICES [WHOLESALE ACQUISITION COST (WAC)]

Methodology changes also impact estimates of spending at list prices (WAC). The prior method of estimating the total U.S. market at list prices relied almost entirely on IQVIA-audited sales visible in IQVIA's NSP. While NSP continues to provide robust and accurate coverage of traditional distribution channels, some portions of the market are outside NSP's visibility and scope, such as certain direct or specialized distribution channels. The IQVIA Institute's novel method for estimating the total U.S. market at list prices seeks to address some of these noncovered portions of the market to provide an estimate that is comparable to spending at net manufacturer prices for context and policy discussions.

Adjusting methods for estimating net spending but not list price spending would result in a significant underestimation of rebates, discounts, and other concessions that reduce medicine prices from list to net.

The difference between prior and updated method estimates of spending at list prices has nearly tripled over the past decade (Exhibit 5). The updated method estimate for 2015 WAC spending is $609Bn compared to $543Bn from the prior method, a difference of $66Bn, whereas the difference in estimates has grown to $192Bn in 2024 — $1,216Bn from the updated method compared to $1,024Bn from the prior method.

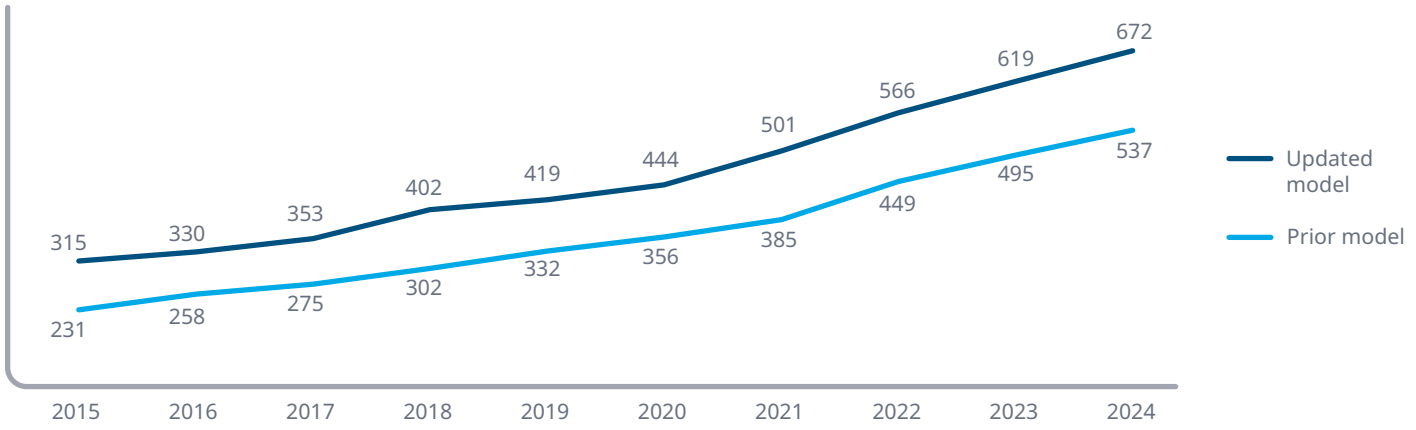
Exhibit 5: Comparison of model estimates of the total U.S. pharmaceutical market at list prices (WAC), 2015–2024, US$Bn



Source: IQVIA Institute, Mar 2026.

These model changes also result in differences in the size of the estimated gap between WAC and net spending (Exhibit 6), which represents rebates, discounts, and other price concessions. While the prior model estimated this gap at $537Bn in 2024, the updated model estimates this gap to be $672Bn. This again highlights the importance of improving methodology to better estimate total medicine spending at list prices for comparison to net sales. Adjusting methods for estimating net spending but not list price spending would result in a significant underestimation of rebates, discounts, and other concessions that reduce medicine prices from list to net, and potentially ill-informed decision-making that could impact all healthcare system stakeholders.

Exhibit 6: Comparison of model estimates of the gap between list (WAC) price and net manufacturer price spending, 2015–2024, US$Bn



Source: IQVIA Institute, Mar 2026.

References

1. Kleinrock M, Westrich K, Buelt L, Aitken M, Dubois RW. Reconciling the seemingly irreconcilable: how much are we spending on drugs? Value Health. 2019 Jul;22(7):792-798. Available from: https://doi.org/10.1016/j.jval.2018.11.009

2. Hernandez I, San-Juan-Rodriguez A, Good CB, Gellad WF. Changes in list prices, net prices, and discounts for branded drugs in the US, 2007-2018. JAMA. 2020 Mar 3;323(9):854-862. Available from: https://doi.org/10.1001/jama.2020.1012

3. IQVIA Institute for Human Data Science. Understanding the use of medicines in the U.S. 2025: Evolving standards of care, patient access, and spending. 2025 Apr. Available from: https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/understanding-the-use-of-medicines-in-the-us-2025

About the Institute

The IQVIA Institute for Human Data Science contributes to the advancement of human health globally through timely research, insightful analysis and scientific expertise applied to granular non-identified patient-level data.

Fulfilling an essential need within healthcare, the Institute delivers objective, relevant insights and research that accelerate understanding and innovation critical to sound decision making and improved human outcomes. With access to IQVIA's institutional knowledge, advanced analytics, technology and unparalleled data the Institute works in tandem with a broad set of healthcare stakeholders to drive a research agenda focused on Human Data Science including government agencies, academic institutions, the life sciences industry, and payers.

Research agenda

The research agenda for the Institute centers on five areas considered vital to contributing to the advancement of human health globally:

- Improving decision-making across health systems through the effective use of advanced analytics and methodologies applied to timely, relevant data.
- Addressing opportunities to improve clinical development productivity focused on innovative treatments that advance healthcare globally.
- Optimizing the performance of health systems by focusing on patient centricity, precision medicine and better understanding disease causes, treatment consequences and measures to improve quality and cost of healthcare delivered to patients.
- Understanding the future role for biopharmaceuticals in human health, market dynamics, and implications for manufacturers, public and private payers, providers, patients, pharmacists and distributors.
- Researching the role of technology in health system products, processes and delivery systems and the business and policy systems that drive innovation.

Guiding principles

The Institute operates from a set of guiding principles:

- Healthcare solutions of the future require fact based scientific evidence, expert analysis of information, technology, ingenuity and a focus on individuals.
- Rigorous analysis must be applied to vast amounts of timely, high quality and relevant data to provide value and move healthcare forward.
- Collaboration across all stakeholders in the public and private sectors is critical to advancing healthcare solutions.
- Insights gained from information and analysis should be made widely available to healthcare stakeholders.
- Protecting individual privacy is essential, so research will be based on the use of non-identified patient information and provider information will be aggregated.
- Information will be used responsibly to advance research, inform discourse, achieve better healthcare and improve the health of all people.

The IQVIA Institute for Human Data Science is committed to using human data science to provide timely, fact-based perspectives on the dynamics of health systems and human health around the world. The cover artwork is a visual representation of this mission. Using algorithms and data from the report itself, the final image presents a new perspective on the complexity, beauty and mathematics of human data science and the insights within the pages.

IQVIA INSTITUTE FOR HUMAN DATA SCIENCE

CONTACT US

100 IMS Drive

Parsippany, NJ 07054

United States

info@iqviainstitute.org

iqviainstitute.org