Could Europe accept the consequences of the US adopting the UK’s CEA framework?

Is the sauce for the goose good for the gander?
Consequences for the US if the US follows the UK

• What is the starting point for the US?
Life expectancy vs. health expenditure over time (1970–2014)

Health spending measures the consumption of health care goods and services, including personal health care (outpatient, inpatient, hospitalization, medical services), pharmaceuticals, personal health care (dentistry, vision care, hospital services), medical goods and collective services (prevention and public health services as well as health administration), but excluding spending on investments. Shown is total health expenditure (financed by public and private sources).

Data source: Health expenditure from the OECD; Life expectancy from the World Bank. Licensed under CC BY 4.0 by the author Max Roser. The interactive data visualization is available at OurWorldInData.org. Thank you for the new data and more visualizations on this topic.
Consequences for the US if the US follows the UK

• Valuation emphasizes demonstrable health gains
  • Better generation of evidence prior to regulatory approval
  • Me-too drugs less favored in relation to one-time transformative Rx

• Valuation emphasizes long-term value over short-term budget impact
  • Preventive therapies avoid higher barriers to uptake

• Lower acceptance of risk in developmental pathways leading to greater emphasis on targeted “personalized” treatments

• Lower prices = lower revenues = fewer drugs overall?
How many fewer drugs will there be with reduced profits?


FIGURE 4: FINAL (AGGREGATE) ELASTICITY ESTIMATES (EXPERT ELICITATION)
Do UK methods undervalue drugs?
Operationalizing the Value Flower: Practical Challenges

- Risk of double counting correlated concepts
- Potential impact on thresholds
- Zero may not be a strong assumption
  - “their potential exclusion does not imply the absence of such effects, but rather that they are similar to the expected effects of displaced care.”

Laura Vallejo-Torres. Applied Health Economics and Health Policy
https://doi.org/10.1007/s40258-023-00801-z

* Adapted from Lakdawalla et al, ViH (2018)
What is gained by some

- Length of life
- Ability to work
- Real option value
- Value of hope

What is lost by others

- Quality of life
- Impact on family
- Ability to work
- Real option value
- Value of hope

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Consequences for Europe if the US follows the UK

• Pressure to accept higher prices?

• Shift toward greater emphasis on ex-US revenue expands access in Europe?

• Fewer drugs or different drugs
  • Shifting resources to higher-value services vs. “overspending” on other parts of the health system?
  • Failure to invest in health as society would wish in relation to other social spending?
Conclusion: What if the US followed the UK/Europe?

• The US would be more equitable and would have better health if we adopted cost-effectiveness as a guide to value and shifted toward an investment and health system that rewards demonstrable gains in patient health.

• Lower revenues for major drug makers will improve the incentives to innovate by reducing research and development costs.

• Lower revenues for major drug makers will lead to fewer drugs developed, with the potential for “losing” important advances, but perhaps with equal or better health impact.

• European health systems and societies would not find their aspirations for improving the health of their populations undermined.

• The methods of value assessment are constantly evolving through measured academic and HTA processes; the methods of venture capital can also evolve to meet the opportunities of the future.