Developing a framework for valuing health interventions

Draft terms of reference for policy workstream

Academy of Medical Sciences

Background

1. The UK government has ambitions to align its Industrial Strategy and health mission. In government policy, the life sciences sector is recognised as one of the UK's greatest assets and key to economic renewal and a fairer, healthier population. Within this, medicines and medical technologies are seen as transformational for health, resilience, growth and productivity.
2. To maximise the potential for medical science to support these ambitions, we must ensure that its full range of contributions to health and growth are recognised in fiscal decision-making. At present, however, our view is that the UK lacks both an effective bridge between health and economic policy objectives, and a comprehensive framework for assessing value across different health interventions.
3. This disconnect creates difficulties for policymakers when trying to make consistent, transparent and evidence-based decisions on the cost-effectiveness of different health interventions. These decisions include finding solutions for: improving patient access to new medicines; supporting innovation; attracting life sciences investment; and maximising population health within a fixed NHS budget.
4. While these objectives can overlap, how they are prioritised plays a significant role in shaping resource allocation and trade-offs. These trade-offs are not always made explicit in decision-making, and there is limited visibility over how competing objectives are balanced in practice.
5. Without strengthening our decision-making framework, the UK will face two financial risks: first, that the health system will not deliver value for money; and second, that investment decisions will limit the potential of the life sciences to deliver on the government's core missions.

Purpose of this workstream

6. The Academy of Medical Sciences has established a policy workstream with a view to:
    a) Developing a coherent framework that could help the UK government make more consistent, robust and transparent decision-making across different health intervention types and policy objectives.
    b) Assessing the current evidence base underpinning the framework, including an analysis of the strength of evidence across its different domains and the identification of any significant evidence gaps where further research or analysis may be required.
7. This framework is intended to help inform ministerial choices, while recognising these are informed by a range of factors beyond value, including political priorities.

Core activities

8. Core activities for this workstream are as follows:
    a) **Confirm policy domains and trade-offs**. Based on previous engagement with the medical sciences community, the Academy will test the following domains to support decision-making on the value of health interventions, and where the trade-offs, such as resource displacement, are likely to arise when new spending decisions are made:
        - Improving population health. Assessing the relative benefits of an intervention in terms of improving population health and reducing health inequalities.
        - Protecting the public from catastrophic events and costs. Assessing whether interventions can prevent or reduce health risks.
        - Reducing detrimental health impacts. Assessing whether activities are detrimental to health.
        - Supporting economic growth. Assessing the economic impact of health innovation (alongside its health impact).
        - Distributing health RD&I costs. Assessing how the development costs of a health intervention should be distributed nationally and globally.
        - Enhancing social welfare. Assessing the value of health innovations compared to innovations in other public services.

b) **Identify the underpinning evidence and its relative strengths and weaknesses**. Policymakers need access to the right evidence to make informed decisions on the value of a health intervention. The Academy will engage with domain experts to determine the following:

- Where the evidence on inputs and outcomes / impact is strong and where better evidence is needed.
- How to apply the right types of evidence to each domain. For example, where an intervention leads to a longer-term outcome, we should use metrics that can track a longer trajectory.
- Where we should develop clearer definitions to support consistency and transparency in decision-making.
- Where evidence can be used to recognise the nuanced characterisation of health, and how to achieve the right balance between achieving consistency and recognising these nuances.

c) **Develop an emerging decision-making framework, outlining its scope, structure and intended audience**. This includes consideration of the following:

- How to redesign or adapt current appraisal, budgeting and accountability structures to better capture benefits that accrue over long-term horizons, across sectors, or through avoided future disease burden.
- How to enhance cost-effectiveness analysis to link UK threshold policy directly to life sciences investment, medicines launch behaviour and future R&D incentives.
- Where we need a set of value-based principles to apply consistently across domains.
- How to increase the transparency of trade-offs when new spending decisions are made.

d) **Test and validate the decision-making framework.**

- How to embed the framework in departmental decision-making.
- Where we need a subset of value-based decisions that can be tailored, with transparency, to the policy context, including long-term (e.g. 10-year) planning.

e) **Finalise the decision-making framework and assessment of underpinning evidence**. This framework and assessment will be shared with relevant government colleagues for their consideration.

Consultative procedures

9. To inform the development of this framework, we will engage with the following organisations:
    a) Government departments and public bodies whose objectives are strongly influenced by the impact of health interventions.
    b) Health economists and health research policy professionals.
    c) Medical research charities where their activities relate to the framework domains.
    d) Academy Fellows with expertise in the framework domains.
    e) Representatives of the life sciences industry.

Outputs

10. Outputs of this workstream will include the following:
    a) A clear set of domains for assessing the value of health interventions.
    b) A set of value-based principles to apply consistently across these domains.
    c) A subset of value-based decisions that can be tailored, with transparency, to the policy context, including long-term (e.g. 10 year) planning.
    d) Clarity on where evidence is needed (and where it exists) to support relevant decision-making.

Governance

11. The Academy will establish an advisory group comprising experts in health economics, policy and the identified framework domains. This advisory group will provide expert input through meetings (up to three) and offline engagement. We welcome observer status from a government colleague as appropriate.
12. Final decisions relating to the outputs rest with the Academy.
13. The Academy will update government colleagues at regular intervals, with a process to be agreed accordingly.

Timescales

14. Final outputs will be delivered by spring 2027, with a view to supporting decision-making at future UK government Spending Reviews.