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How can health systems improve medicines funding and pricing policies?

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How should health systems decide which medicines to fund when clinical evidence, treatment landscapes and medicine prices are constantly evolving?

Cost-effectiveness analysis (CEA) is a vital tool for decision-makers to judge value for money. However, this analysis is typically done just once - when the medicine first enters the market. This means that funding decisions and prices generally remain unchanged even as new evidence emerges, competing treatments are launched and the prices of other drugs evolve. This can be inefficient for a number of reasons. For example, medicines may continue to be funded even when better alternatives exist and medicines may no longer be cost-effective if alternative treatments become cheaper.

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Our research proposed a more dynamic framework for integrating cost-effectiveness into drug funding policies. This would ensure that the latest clinical and economic evidence is used when making decisions about whether health systems should pay for new drugs and at what price. Based on structured discussions with UK decision-makers and a review of the literature, we set out a framework that recommends three key areas for change. Firstly, focusing reassessments on areas where it is likely to lead to significant gains to patients or cost savings, or both. Secondly, considering the benefits and risks of having either more or fewer treatment options available for a particular patient group. Thirdly, adapting cost-effectiveness ‘decision rules’ about the funding of medicines to reflect price changes and confidential price discounts offered by manufacturers.

By adopting a more flexible and evidence-driven approach, health systems can ensure that policies reflect the changing realities of medical innovation and treatment landscapes.

Read the full paper, funding sources and disclaimers in PharmacoEconomics.

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