

# OHE



OHE Annual  
Report to the  
Charity  
Commission  
for the year 2019

RESEARCH REPORT  
SEPTEMBER 2020

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Office of Health Economics, London

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**For a collection of all related outputs please refer to the Research Summary:**

<https://www.ohe.org/sites/default/files/Research%20Summary%20Final%20LT.pdf>

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### List of acronyms

<b>ABPI</b>	Association of the British Pharmaceutical Industry	<b>NICE</b>	National Institute for Health and Care Excellence
<b>CAR T</b>	Chimeric Antigen Receptor T-Cell	<b>NIHR</b>	National Institute for Health Research
<b>CEO</b>	Chief Executive Officer	<b>OHE</b>	Office of Health Economics
<b>CQUIN</b>	Commissioning for Quality and Innovation	<b>PI</b>	Principal Investigator
<b>DOI</b>	Digital Object Identifier	<b>PRO</b>	Patient-Reported Outcome
<b>DIF</b>	Differential Item Functioning	<b>PROM</b>	Patient-Reported Outcome Measure
<b>EQ-5D</b>	EuroQol Five-Dimension	<b>QALY</b>	Quality-Adjusted Life Year
<b>EQ-5D-3L</b>	EuroQol Five-Dimension Three-Level	<b>REF</b>	Research Excellence Framework
<b>EQ-5D-5L</b>	EuroQol Five-Dimension Five-Level	<b>SPSS</b>	Statistical Package for the Social Sciences
<b>EQ-5D-Y</b>	EuroQol Five-Dimension Youth	<b>SAS</b>	Statistical Analysis System
<b>EU</b>	European Union	<b>TTO</b>	Time Trade-Off
<b>FDA</b>	Food and Drug Administration	<b>UK</b>	United Kingdom (of Great Britain and Northern Ireland)
<b>FTE</b>	Full-Time Equivalent	<b>US</b>	United States (of America)
<b>GDP</b>	Gross Domestic Product		
<b>HESG</b>	Health Economists' Study Group		
<b>HEHTA</b>	Health Economics and Health Technology Assessment (University of Glasgow)		
<b>HTA</b>	Health Technology Assessment		
<b>HTAi</b>	Health Technology Assessment International		
<b>ICER</b>	Institute for Clinical and Economic Review [can also denote Incremental Cost-Effectiveness Ratio]		
<b>ISPOR</b>	International Society for Pharmacoeconomics and Outcomes Research		
<b>MCDA</b>	Multi-Criteria Decision Analysis		
<b>MGHA</b>	Melbourne Genomics Health Alliance		
<b>MID</b>	Minimally Important Difference		
<b>MRC</b>	Medical Research Council		
<b>NHS</b>	National Health Service		

# About OHE

## OHE'S MISSION STATEMENT

Support better health care policies by providing insightful economic and statistical analyses of critical issues

## HOW WE ARE ORGANISED

OHE is a charity with registered charity number 1170829. OHE is managed by a senior management team. Its governance is the responsibility of its Board of Trustees. In 2017 the Board of Trustees had three sub-committees with advisory roles: a Research and Policy Committee, which provided advice and guidance to OHE on its research programme; an Editorial Committee, which reviewed OHE's in-house publications, ensuring their intellectual rigour and value; and a Management Committee, which assisted OHE with its operational and business planning.

The ultimate parent undertaking and controlling party of the company is The Association of the British Pharmaceutical Industry Limited ("the ABPI"), registered in England and Wales 09826787, by virtue of it being the sole member of the company.

OHE's consulting work is carried out by OHE Consulting Limited, a for-profit company with registered company number 09853113. OHE Consulting Limited is wholly owned by The Office of Health Economics. For consulting projects, the client has a proprietary right to any intellectual property arising from work, distinct from research projects where OHE retains the intellectual property

## WHO WE ARE, HOW AND WHERE WE WORK

By the end of 2019 the OHE team comprised 1 CEO, one Vice-President Head of Consulting; one Vice-President Head of Research, one Emeritus Director & Senior Research Fellow; one Director, two Associate Directors; four Principal Economists, six Senior Economists, one Business Intelligence Specialist, four Economists, and three Administrative Support staff. Also, in 2019 OHE had seven Honorary Research Fellows.

We emphasise projects that tackle impactful policy and strategic issues with current and future significance. Our work involves stakeholders, clients, and external experts in order to obtain crucial new policy insights, identify strategies and optimal choices.

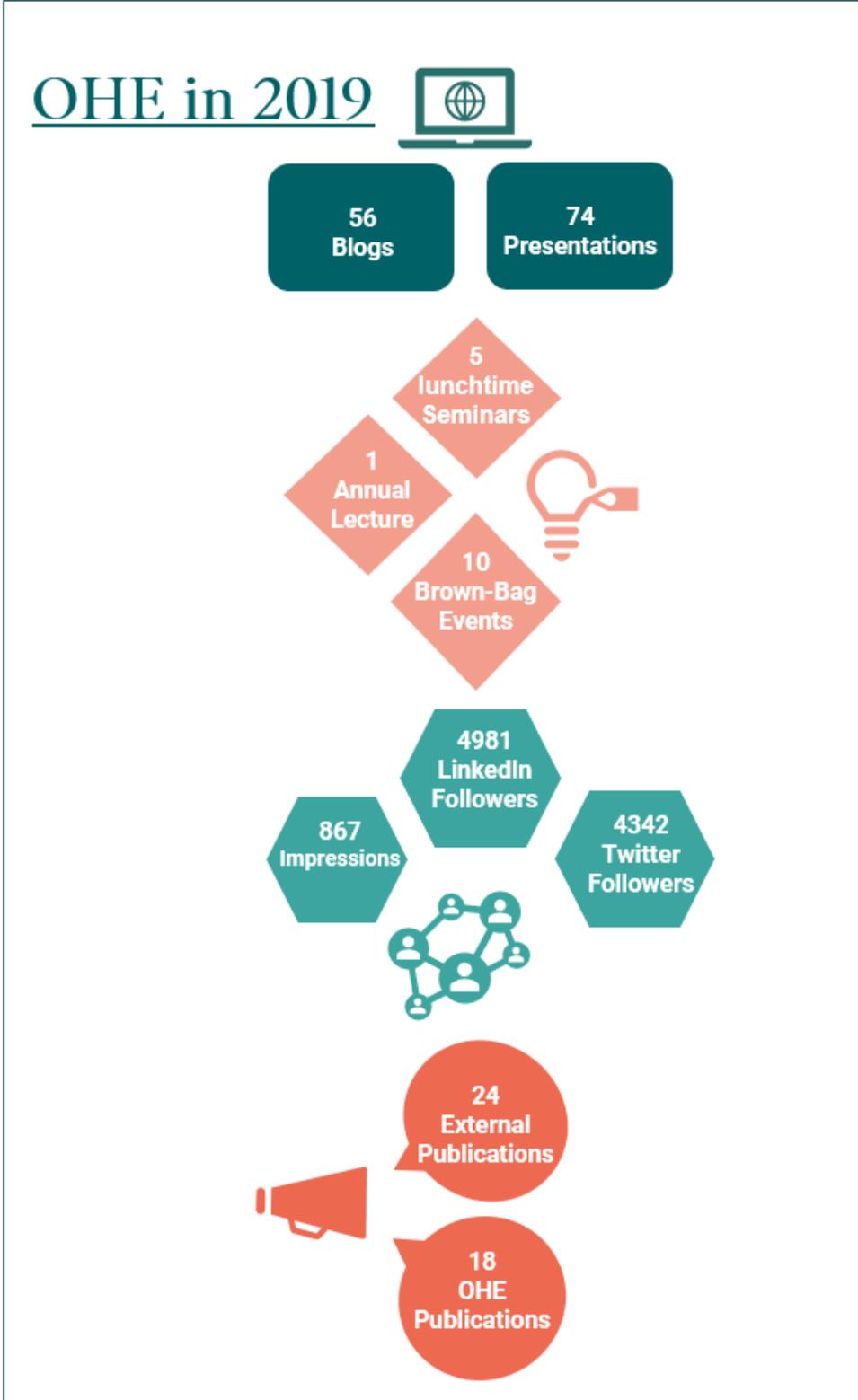
Although OHE is based in London, we undertake projects both in the UK and internationally. We work collaboratively with a wide network of academics and other partners across the world.

## HOW WE ARE FUNDED

OHE's work programme is supported by research grants and consultancy revenues from a wide range of the UK and international sources. OHE receives an annual research grant from the Association of the British Pharmaceutical Industry (ABPI) and undertakes consulting work for ABPI and other commercial clients, surplus from which is used to self-fund research projects identified as priorities.

Our research programme is also funded by grants obtained from UK research councils and other national and international research funders, including the National Institute for Health Research (NIHR), the Health Foundation, the Cancer Research UK, the EuroQol Research Foundation, and a number of charitable and other organisations.

# 1 Our Year in Numbers



## 2 Administrative information

### Trustees and Directors

M Thompson Trustee  
 B Jönsson Trustee  
 M Drummond Trustee  
 H Ahmad Trustee  
 C Fox Trustee  
 L. Timlin Trustee  
 A Charlesworth Trustee

### Registered Office

7th Floor, Southside  
 105 Victoria Street  
 London SW1E 6QT

**Charity number:** 1170829  
**Company number:** 09848965

### Auditor

**BDO LLP**  
 Statutory Auditor & Chartered Accountants  
 2 City Place  
 Beehive Ring Road  
 Gatwick  
 West Sussex RH6 0PA

### Bankers

**National Westminster Bank Plc**  
 PO Box 113  
 Cavell House  
 2A Charing Cross Road  
 London

### Senior Management

**Chief Executive Officer**

Prof Graham Cookson

**Head of Research and Vice President**

Prof Mireia Jofre-Bonet

**Head of Consultancy and Vice President**

Prof Lotte Steuten

**Director:**

Martina Garau

**Associate Directors:**

Grace Hampson

Chris Skedgel

## 3 Introduction

This is the third report to the Charity Commission for England and Wales since becoming a registered charity in December 2016.

This year, we have changed the format of this report to avoid the overlap of previous Charity Reports with the research reports that we produce each year for OHE's **Research Committee** and for the **Board of Trustees**. This year's **Charity Report for 2019** includes the current document in which we highlight some of our work and the required financial information. The report is complemented by the **Research Summary of 2019 for the Charity Report**, which provides our research activity for 2019 in detail, based on the report submitted to the Research Committee in January of 2020.

As in the two previous years, the **Charity Report for 2019** shows that OHE has kept its commitment to its charitable objects of *advancing the education of the public in general/health care payers/policymakers on the subject of health economics and health care policy; and using health economics methods to produce evidence-based health policy and health care management that contributes to a more efficient and effective health care system.*

Beyond OHE's charitable objects at OHE, we also support:

- the advancement of evidence-based health care policy by engaging in research on the economics of health, health care systems, and the life sciences industry;
- research for the effective and efficient use of health care resources, by advancing the use of economic approaches to support decision making, and
- decision making and awareness of health care policy issues by promoting debate and dissemination of relevant health economics research.<sup>1</sup>

Partly because of OHE's commitment to its charitable objects, as we write this report, OHE has been awarded **Independent Research Organisation** status (in February 2020). This is granted by UK Research and Innovation (UKRI), which – through the seven Research Councils, Innovate the UK and Research England – allocates more than £7 billion in research funding, primarily from the Science Budget of the Department for Business, Energy and Industrial Strategy (BEIS). IRO status is a recognition of OHE's high quality of independent research and places us on equal footing with the UK's Higher Education Institutions, making us eligible to apply for UKRI funding on the same terms to better fulfill our charitable aims.

In obtaining IRO status, OHE joined a highly selective list of organisations conducting research in health economics (and related areas), namely: the Institute for Fiscal Studies (IFS); the National Centre for Social Research (NatCen); the National Institute of Economic and Social Research (NIESR); Nesta; the Overseas Development Institute (ODI); Rand Europe; and the Wellcome Trust Sanger Institute. Across the UK, there are only 63 IROs in total across all research fields, including areas as diverse as medicine, defense studies, history, and oceanography.

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<sup>1</sup> As in the two previous reports, the term *health economics* shall mean the application of economic theory, models and empirical techniques to the analysis of decision making by people, health care providers and governments with respect to health and health care

## 4 Activities Undertaken in 2019 in fulfillment of our charitable objects

In this section, we highlight examples of how OHE fulfilled charitable objects in 2019. A more detailed account of our activity is contained in the attached **Research Summary of 2019 for Charity the Report 2020**. The report covers all OHE's research activities undertaken during the aforementioned year, i.e., all articles published in peer-reviewed journals, OHE peer-reviewed articles, consultancy reports, blogs on salient health economics issues, and relevant events. It also highlights selected examples of our work for their impact and citations as well as conferences attended by OHE staff, presentations at other fora, research collaborations, OHE's lunch-time seminar series, brown bag seminars, and a summary of the 2019 OHE Annual Lecture. Finally, the report lists the honorary positions other pro-bono activities that OHE staff hold in line with OHE's charitable objects. As in 2018, the research summary demonstrates that OHE's research promotes the effective and efficient use of health care resources by improving the application of economic methodology to sustain health care decision making.

The charitable object of *using health economics methods to produce evidence-based health policy and health care management that contributes to a more efficient and effective health care system* is mostly accomplished through research activities. These include articles that emerge from a research project and/or are originally supported by our core grant and then become a peer-reviewed article or OHE publication and workshops we organised that involve health care system stakeholders with different perspectives so that they can learn of our research and its health policy implications.

The charity object of *advancing the education of the public in general/health care payers/policymakers on the subject of health economics and health care policy* is mostly fulfilled through our dissemination activities beyond publications, including the broadcasting of our findings in more general fora, thereby educating and informing health care decision-makers, patients and the general public.

The **Research Summary of 2019 for Charity Report 2020** contains numerous examples of work that had a theoretical and/or practical impact and thus contributed to the knowledge transfer of health economics and on how to improve the health and wellbeing of the population. Here, we have selected the following pieces of work as examples of research that has resonated in the health policy debate and has helped spread knowledge in health economics.

- The paper **HTA and Payment Mechanisms for New Drugs to Tackle AMR** appeared as a peer-reviewed article on the OHE website and was widely cited, including by *NHS networks* and the *Kings Fund*. The paper provides an overview of the state of HTA and contracting for antibiotics in five European countries and of the recent proposals in the literature for revising them. It also includes the recommendations developed following a stakeholder Forum on 'Value Assessment and Contracting for Antibiotics' held in February 2019. This is a topic the importance of which has been intensified by the COVID-19 pandemic and the consequent discussion on the pros and cons of pull and push mechanisms to incentivise R&D in specific areas of life sciences. This is a typical example of a piece of OHE work contributing to the research debate on a very topical subject and ultimately, directly or indirectly, informing health policy.

- The study **Unrelieved Pain in Palliative Care in England** estimated that there were approximately 125,971 end-of-life patients receiving, or in need of, palliative care suffering from unrelieved pain. Of these, about 16,130 patients experienced no relief from their pain at all in the last three months of life. Some of these patients suffered unnecessarily because of variations in the quality of care across care settings. The paper was again widely cited and was included as written evidence submitted by *Dignity in Dying* in a *UK Parliament Committee* hearing.
- An example of a core funded project that develops from an OHE report to become an influential paper published in a good peer-reviewed journal is **Public Sector Opportunity Cost Developing**. The paper was built on a working paper resulting from the *Public Sector and Opportunity Cost project* funded as a research project by ABPI.
- Another example of the core research grant aiding to disseminate OHE research is that of the paper **R&D, Competition and Diffusion of Innovation in the EU: The Case of Hepatitis C**. This article analyses the functioning of a specific market for innovative treatments, Direct Acting Antivirals (DAAs) for hepatitis C virus (HCV) in six European countries. The authors explore the potential for in-class competition for DAAs to 1. offset innovators' market power and 2. to maximise the social welfare generated by the adoption of pharmaceutical innovation via lower prices. The paper is now being submitted to a peer-reviewed prestigious journal thanks to the core research funding.
- In February 2019, the OHE Research Paper **Making Outcome-Based Payment a Reality in the NHS** was published online. The report was the result of a research grant awarded to The Office of Health Economics and RAND Europe in collaboration with King's College London in 2018 by Cancer Research UK and Greater Manchester Health and Social Care Partnership (GMHSCP). This first phase of the project explored what outcomes patients with cancer value most, which might form a practical basis for outcome-based payment. In October 2019, OHE, in collaboration with RAND Europe, University College London (UCL), and The University of Manchester (UoM), was awarded a research grant from Cancer Research UK in partnership with Greater Manchester Health & Social Care Partnership (GMHSCP), funding the second phase of the 'Making Outcome-Based Payment a Reality in the NHS' programme of work. The report was cited in a press release by Cancer Research UK. It was also cited by commentators and media outlets such as Pharmatimes, Pharmafield, PMLive, The Pharma Letter, Royal College of Nursing, Health Innovation Manchester, Centre for Health and the Public Interest, El Global, InVivo - Informa Pharma Intelligence, and Medscape. The Medscape article included a quote from NICE welcoming the publication of the paper.
- **Pro bono activities:** The attached research summary for 2019 shows that OHE staff have been engaged in a wide variety of *pro bono* activities, including ten visiting positions at Universities and prestigious think-tanks, participation on advisory boards, serving on committees, supervising student placements, examining doctoral research theses, and undertaking reviews.
- **Other research and dissemination outputs:** In terms of outputs, OHE staff produced 24 external publications (16 of which were peer-reviewed), five lunch-time seminars, 1 Annual Lecture, 74 external presentations, ten brown-bag presentations, and 56 blogs.
- **Research awards from prestigious funders:** As a demonstration of OHE's reputation and independence, it is worth noting that in 2019, OHE was awarded three research grants by prestigious funders, i.e., *Cancer Research UK*, *Health Foundation*, *EuroQol Research Foundation*. These three research grants, along with other research projects, amounted to a value of £0.58m.

## 5 Financial review

### 5.1 OHE's financial structure

In 2019, OHE remained an organisation that undertakes research and related activity in line with its charitable objectives.

As reported last year, OHE owns the sole share in OHE Consulting Limited with the purpose of:

- Enabling OHE to employ a larger staff team than would be possible using research income alone.
- Allowing staff to gain knowledge, skills, and experience undertaking consulting projects that can be carried across into research and research-related projects.
- Investing the profits generated from consultancy work as Gift Aided to OHE, subject to the agreement of the Directors of OHE Consulting Limited. This continued to be an important source of income for OHE in 2019.

During 2019, OHE employed an average of 26 staff.

### 5.2 OHE's financial performance in 2019

The financial statements of OHE comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) ("Charities SORP FRS 102").

OHE's consolidated turnover (i.e., combining both OHE and OHE Consulting Limited) in 2019 was **£3.71m**. The expenditure totaled **£3.45m**, which left a net income of **£264,176**, larger than that of 2018.

Of the £3.71m expenditure, staff costs in 2019 amounted to **£2.08m**, i.e., 56%.

Support services for the consolidated businesses accounted for **£0.30m**.

The consolidated accounts for OHE are included as an Annex to this report.

### 5.3 Sources of funding

The sources of funding for OHE are summarised below. More detail about OHE income and expenditure is provided in the financial reports attached.

<b>The consolidated income of £3.03m comprises:</b>		£000
Donations – research grants		714.66
Income from charitable (research) activities		643.08
Interest		1.05
<b>Total research income</b>		<b>1,358.79</b>
OHE Consulting Income		2,360.98
<b>Total Income</b>		<b>3,719.78</b>

<b>Donations are from the ABPI and are for two distinct purposes:</b>		£000
Support for core research activities		350.00
Grant towards financing of support activities		364.66
<b>Total</b>		<b>714,66</b>

Income from charitable (research) activities came from a number of sources. Major research projects and funders included:

- Cancer Research UK
- Health Foundation, the Cancer Research UK
- EuroQol Research Foundation

## 6 Plans for 2020

The plans for 2020 are summarised in the **Research Summary of 2019 for the Charity Report 2020**, but we will highlight here the most ambitious ones:

- Organise an **OHE Annual Conference** from September 2020.
  - Note: although we were ready to launch it, COVID-19 forced us to postpone the conference until 2021.
- Increase the number and areas of expertise of **OHE Visiting Fellows** and deepen these and existing relationships.
- **Enhance training opportunities and programmes:**
  - Start an OHE MSc in Health Economics Fellowship at City, which began effectively in September 2020.
  - Explore the possibility of finding partners for a Ph.D. in the Micro-economics and Econometrics of the Pharmaceutical Industry.

In 2020, we aimed to systematise and promote further our research activity by organising quarterly meetings for each of our four research themes, develop a method to filter funding calls of interest to OHE, and improve direct access to Digital Libraries. Further, we were planning to organise a **lunch-time journal club**, but this latter project was stalled by the disruption caused by COVID-19.

In terms of promotion and guidance for OHE's research activity, we also planned - and have successfully executed - the creation of a standalone **Research Committee** which continues to include highly regarded academics. Its remit is to advise OHE on research-related issues, separately from policy and impact-related matters, for which we introduced a **Policy Committee**.

## 7 Structure, governance, and management in 2019

During 2019, the structure of OHE changed quite dramatically, as depicted in Figures 1 and 2 below.

The new structure in Figure 2 reflects how by the end of 2019, OHE moved on to dis-establish the **Research and Policy Committee** and to create a **Research Committee** as a separate committee from the **Policy Committee**.

The purpose of creating a **Policy Committee** is to provide advice to OHE on engaging with policymaking and to ensure that OHE meets its Charitable Objects in this respect. OHE's work has been informing health care and pharmaceutical decision-makers as well as health care payers for decades, building its reputation on producing independent, academically strong research.

The **Research Committee**, instead, is to provide OHE with guidance on research and methods, oversee the research programme from the core research grant, ensure the quality and independence of OHE's research programme, and assure the OHE Research Board of Directors that OHE's research output is meeting its charitable objectives and purpose.

Figure 1: Organigram by the end of 2018

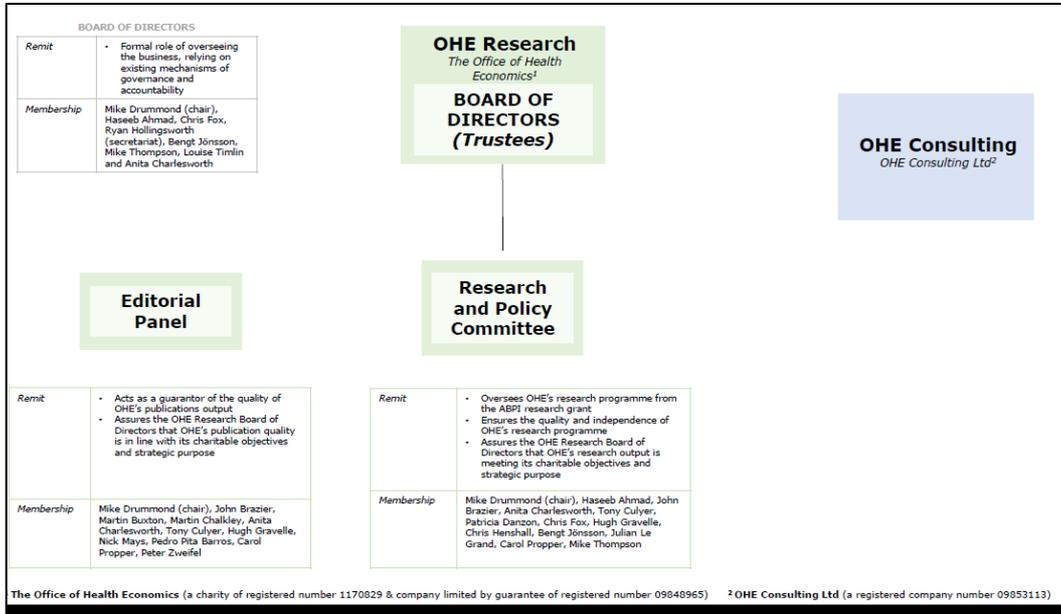
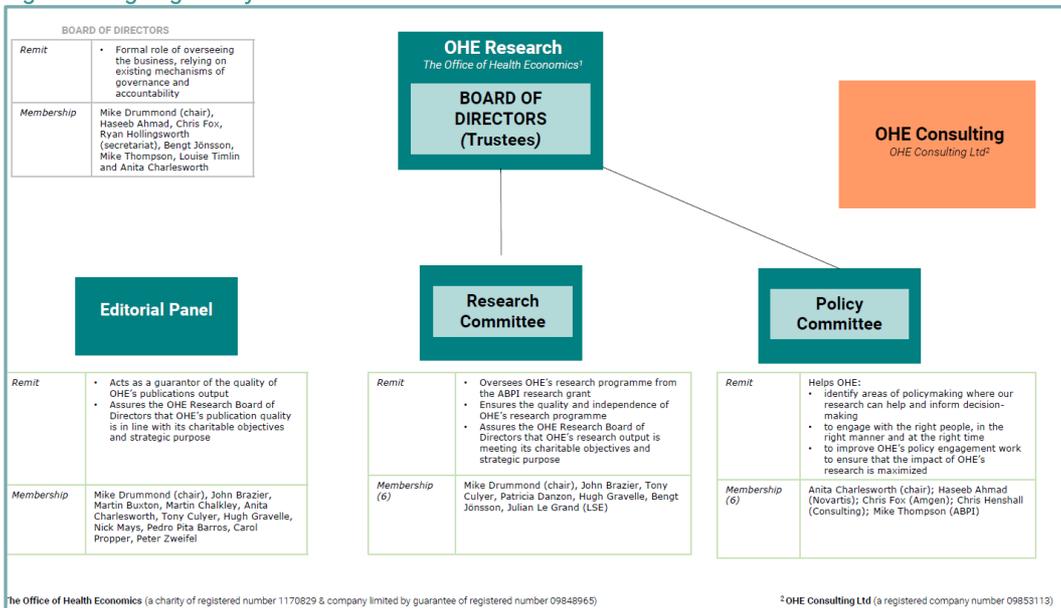


Figure 2: Organigram by the end of 2019



# List of acronyms

<b>ABPI</b>	Association of the British Pharmaceutical Industry	<b>NICE</b>	National Institute for Health and Care Excellence
<b>CART</b>	Chimeric Antigen Receptor T-Cell	<b>NIHR</b>	National Institute for Health Research
<b>CEO</b>	Chief Executive Officer	<b>OHE</b>	Office of Health Economics
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<b>MID</b>	Minimally Important Difference		
<b>MRC</b>	Medical Research Council		
<b>NHS</b>	National Health Service		



### **About us**

Founded in 1962 by the Association of the British Pharmaceutical Society, the Office of Health Economics (OHE) is not only the world's oldest health economics research group, but also one of the most prestigious and influential.

OHE provides market-leading insights and in-depth analyses into health economics & health policy. Our pioneering work informs health care and pharmaceutical decision-making across the globe, enabling clients to think differently and to find alternative solutions to the industry's most complex problems.

Our mission is to guide and inform the healthcare industry through today's era of unprecedented change and evolution. We are dedicated to helping policy makers and the pharmaceutical industry make better decisions that ultimately benefit patients, the industry and society as a whole.

*OHE. For better healthcare decisions.*

### **Areas of expertise**

- Evaluation of health care policy
- The economics of health care systems
- Health technology assessment (HTA) methodology and approaches
- HTA's impact on decision making, health care spending and the delivery of care
- Pricing and reimbursement for biologics and pharmaceuticals, including value-based pricing, risk sharing and biosimilars market competition
- The costs of treating, or failing to treat, specific diseases and conditions
- Drivers of, and incentives for, the uptake of pharmaceuticals and prescription medicines
- Competition and incentives for improving the quality and efficiency of health care
- Incentives, disincentives, regulation and the costs of R&D for pharmaceuticals and innovation in medicine
- Capturing preferences using patient-reported outcomes measures (PROMs) and time trade-off (TTO) methodology
- Roles of the private and charity sectors in health care and research
- Health and health care statistics