

OHE



OHE Annual Report to the Charity Commission for the year 2020

RESEARCH REPORT
OCTOBER 2021

Mireia Jofre-Bonet
Office of Health Economics, London

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Office of Health Economics, London

Graham Cookson

Office of Health Economics, London

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Corresponding Author:

Mireia Jofre-Bonet

mjofre-bonet@ohe.org

For further information please contact:

Professor Graham Cookson

Chief Executive, OHE

Honorary Visiting Professor in Economics at City, University of London

Tel +44 (0)207 747 1408

Email gcookson@ohe.org

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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. A senior management team manages OHE. Its governance is the responsibility of its Board of Trustees. The Board of Trustees has three sub-committees with advisory roles: a Research Committee, which provides advice and guidance to OHE on its research programme; a Policy Committee, which advises OHE on engaging with policymaking and to meeting its Charitable Objects; and a Management Committee, which assists OHE with its operational and business planning.

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

OHE's consulting work is carried out by OHE Consulting Limited, a for-profit company with registered company number 09853113. The Office of Health Economics wholly owns OHE Consulting Limited. 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 2020, 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; three Senior Principal Economists, one Principal Economist, nine Senior Economists, one Business Intelligence Specialist, four Economists, and three Administrative Support staff. Also, in 2020 OHE had nine 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 to obtain crucial new policy insights and 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 many 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. Any surplus from OHE Consulting 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

H Ahmad Trustee
U Bose Trustee (from 1/05/2020)
A Charlesworth Trustee
C Fox Trustee (until 28/04/2020)
B Jönsson Trustee
M Drummond Trustee
L Timlin Trustee
R Torbett 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 fourth report to the Charity Commission for England and Wales since becoming a registered charity in December 2016.

This year's **Charity Report for 2020** includes the current document highlighting our work and the required financial information. The complementary **Research Summary of 2020 for the Charity Report**, based on the report submitted to the Research Committee in March of 2021, provides OHE's research activity for 2020 in detail.

The **Charity Report for 2020** shows that, despite the circumstances, OHE remains committed 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. Further, OHE uses health economics methods to produce evidence-based health policy and healthcare management, contributing 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 disseminating relevant health economics research.¹

OHE was awarded **Independent Research Organisation** status in February 2020. This award is granted by UK Research and Innovation (UKRI) which – through the seven Research Councils, Innovate 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 recognises 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 fulfil our charitable aims better. In obtaining IRO status, OHE joined a highly selective list of organisations researching 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 currently only 64 IROs in total across all research fields, including areas as diverse as medicine, defence studies, history, and oceanography.

¹ 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 2020 in fulfilment of our charitable objects

In this section, we highlight examples of how OHE fulfilled charitable objects in 2020. A more detailed account of our activity is in the attached **Research Summary of 2020 for the Charity Report 2020**. The report covers all OHE's research activities undertaken during 2020, 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 and conferences attended by OHE staff, presentations at other fora, research collaborations, OHE's lunchtime seminar series, brown bag seminars and a summary of the 2020 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 2019, the research summary demonstrates that OHE's research promotes the effective and efficient use of health care resources by improving the application of the 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 mainly accomplished through research activities. As in previous years, OHE research output comprises articles that emerge from a research project and/or were originally supported by our core grant. Some of those outputs become peer-reviewed articles or OHE publications.

The charitable 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.

2020 presented some unexpected challenges for workshops involving healthcare system stakeholders with different perspectives, events, teaching and attending conferences due to the disruption caused by the COVID-19 pandemic. Thus, similarly to other organisations, OHE modified our modus operandi and relied exclusively on virtual workshops, events, conference attendance, and teaching activities.

The **Research Summary of 2020 for the 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 how to improve the population's health and wellbeing. Below, we present some of OHE's work as examples of research that has resonated in the health policy debate and has helped spread health economics knowledge.

- OHE's research work has been cited frequently in reports produced by **NICE** as part of its ongoing **methods review**. Whilst these reports are confidential, they will inform the consultation and the proposed changes. This provides an example of OHE research influencing the guidelines of HTA within the UK.
- We have maintained our position as a leading voice in research on **cost-effectiveness thresholds and allocative efficiency**. Mikel Berdud was invited to join a meeting to discuss approaches to

the identification of a cost-effectiveness threshold for Canada, hosted by the Institute of Health Economics. Our position as an expert in this area directly relates to our charitable object of using health economics methods to contribute to a more efficient and effective healthcare system.

- **Presentations** delivered have also been a satisfactory number and a good indicator of the relevant research and policy areas. Even in pandemic times, the OHE team has managed to present its outputs and areas of expertise at various virtual events. These include presentations in conferences (e.g., ISPOR), the OHE annual lecture, universities (e.g., University of London) or other international institutions and forums (e.g., ICER, CGD, renew Europe). The presentations have focused on issues such as price transparency, payment models for COVID-19 vaccines, AMR, the optimal level of cost-effectiveness thresholds, and pricing or pull incentives in pandemic times. Through lectures and speaking at prestigious events such as those mentioned above, we are fulfilling our charitable objects of advancing the education of the public.
- In November, an OHE Research Paper titled "**Drop Dead: Is Anchoring at 'Dead' a Theoretical Requirement in Health State Valuation?**" (Authors: Chris Sampson, David Parkin, Nancy Devlin) was published and received considerable attention on social media platforms. The paper challenges the assumption that anchoring health state values at 'dead = 0' is necessary for values to be used in quality-adjusted life-year (QALY) estimation, considering five propositions supporting their argument. The paper concludes that the use of dead as an anchor is unnecessary and undesirable because of the methodological and conceptual issues it causes. Publications like these that gain traction within the community and challenge health economics practice fulfil our objective of advancing health policy makers' education on health economics and healthcare policy.
- The 2020 Annual Lecture "**How should the World pay for a COVID-19 Vaccine?**" was given by Professor Adrian Towse, Director Emeritus of the Office of Health Economics. The 2020 Annual Lecture - presented virtually due to COVID-19 - reflected on the scientific and commercial challenges such as development timelines, uncertainty in anticipated demand as well as financial risks faced by companies with substantial investments. Professor Towse set out the options for funding development and manufacture for vaccines and their strengths and weaknesses, including what is likely to happen if there is no regional or global collaboration on the way forward. He also put this in the context of the work of The Vaccine Alliance (Gavi) and others to build a sustainable vaccine market that can deliver for the populations of the world over time. About 300 registered to the virtual conference, and the actual attendance was over 200. Through the Annual Lecture series, we actively engage in the dissemination of health economics knowledge.
- 2020 has also been a highly prolific year regarding the number of research proposals submitted for the **policy, incentives and organisation in health systems** research theme. OHE submitted a total of six proposals (one of which already won) for research over the next three-four years, for a total (potential) value of about £1.2 million. Of note, this potential value is above the income that other OHE research themes generate from funded research. The research proposals of 2020 to date have targeted a variety of prestigious funders (e.g., the Health Foundation, UK Research and Innovation, the Nuffield Foundation, Cancer Research UK), and many of them have been submitted as part of a multi-disciplinary research team, often involving external collaborators. The latter may be seen as a positive sign of OHE developing connections that can generate additional future collaboration opportunities. Among the proposals submitted, a significant number includes a central or partial focus on COVID-19.
- **Pro bono activities:** The attached research summary for 2020 shows that OHE staff have been engaged in a wide variety of *pro bono* activities, including membership on advisory panels, boards and committees and eleven associations with Universities. Pro bono activities also

include 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 20 external publications (17 peer-reviewed), 2 lunchtime seminars, 1 Annual Lecture, 6 Webinars and Roundtables, 74 external presentations, 3 brown-bag presentations, 48 external presentations, and 41 blogs.
- **Research awards from prestigious funders and funded research projects:**

During 2020, OHE responded to a large number of research funding calls from high-ranking funding bodies (National Institute of Health Research; Cancer Research UK; Nuffield Foundation; Health Foundation; Medical Research Council; Diabetes UK; Newton UKRI; EuroQoL; etc.) and bid for research projects from a significant number of private companies.

Nevertheless, we consider that, in 2020, our success rate was disappointing. Thus, we have completed an exercise of reflecting on which factors may have played to produce the low success rate. We gathered feedback from the institutions to which we applied and from particular members of the research committee. We have identified several reasons why some of our research grant applications did not succeed:

- 1) The project may not have been considered broad enough by the funder because it focused on a particular geographical area.
- 2) We might have applied to funders whose research interests historically do not overlap with the interests of OHE (in terms of clinical versus health economics research).
- 3) Our applications might not have ensured ticking all the boxes of the call, or we might have gone too far from our research comfort zone and proposed research in areas in which our expertise is not established.
- 4) Finally, one institution argued that the interlinkage of the research packages was not well explained.

Besides these reasons, other external factors might have influenced the success rate of our grant applications:

- 1) With the irruption of the COVID-19 pandemic, the focus of the research funded by UK institutions shifted dramatically. Calls were very focused on COVID-19 related projects.
- 2) The number of applications received by our target funders was much larger than usual. The disruption of teaching activities in universities and/or government funding in certain areas (e.g., global health) was vastly reduced.

Nevertheless, as a demonstration of OHE reputation and independence, it is worth noting that in 2020, OHE was awarded an extension of grants from the Health Foundation and Cancer Research UK. In 2020, we won four funded research projects and three extensions to existing funded research projects. These amounted to a value of £0.132m.

5 Financial review

5.1 OHE's financial structure

In 2020, OHE remained an organisation that undertakes research and related activities according to 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 source continued to be essential for OHE's income in 2020.

During 2020, OHE employed an average of 24 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 2020 was **£3.67m**. The expenditure totalled **£3.65m**, which left a net income of **£18,850**, smaller than that of 2019.

Of the £3.65m expenditure, staff costs in 2019 amounted to **£2.41m**, i.e., 66%.

Support services for the consolidated businesses accounted for **£0.41m**.

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 are provided in the financial reports attached.

The consolidated income of £3.03m comprises:		£000
Donations – research grants		763.300
Income from charitable (research) activities		574.747
Interest		0.61
Total research income		1,319.01
OHE Consulting Income		2,338.99
Total Income		3,658.89

Donations are from the ABPI and are for two distinct purposes:		£000
Support for core research activities		350.00
Grant towards financing of support activities		413.30
Total		763.33

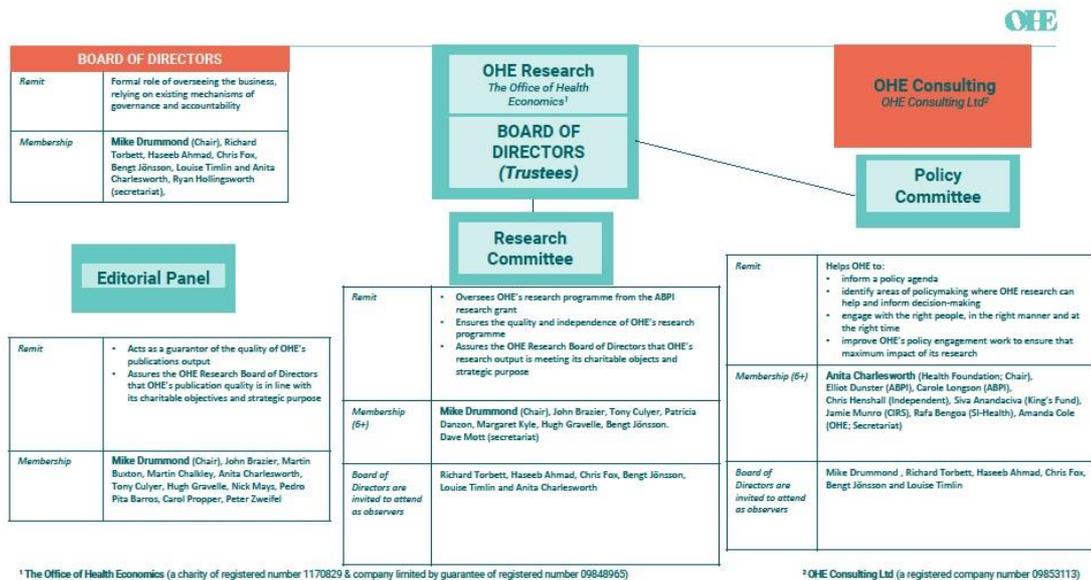
Income from charitable (research) activities came from several sources. Major research projects and funders included:

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

6 Structure, governance, and management in 2020

Figure 1 reflects the OHE governance structure by the end of 2020. At the top of the structure sits the OHE Board of Trustees. The Board is supported by the **Policy Committee** and the **Research Committee**. The purpose of the Policy Committee is to provide advice to OHE on engaging with policymaking and ensuring that OHE meets its Charitable Objects in this respect. OHE's work has been informing health care and pharmaceutical decision-makers and healthcare payers for decades, building its reputation on producing independent, academically strong research. Instead, the Research Committee guides OHE on research methods, oversees the core research grant programme, and ensures the quality and independence of OHE's research output. Thus, this committee ultimately assures the OHE Board of Directors that OHE's research meets its charitable objectives.

Figure 1: Organigram by the end of 2020



List of acronyms

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