



**THE ENGLISH HEALTH SYSTEM:
UNIVERSAL COVERAGE AND INNOVATION UNDER STRESS**

TPG International Health Academy (TPG-IHA)

England Educational Summit

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The 2023 TPG International Health Academy Educational Summit brought 27 American health care executives to London for a stimulating mix of content and culture, including presentations by health sector leaders, tours of innovation hubs, and a day of tourism on a quintessentially British red double-decker bus. The speakers highlighted the two sides of the English health service, as both a powerhouse of medical innovation and an over-stretched delivery system. Delegates were able to pose questions, challenge assumptions, make comparisons with the US health system, and then go on site visits to the Imperial College London, and Kings Health Partners Ventures. The Sunday excursion culminated in a guided tour of the Tower of London, with its history of pageantry for the public and as a prison for notables.

AN ICON UNDER STRESS

The National Health Service (NHS) is a source of tremendous pride in England, offering universal coverage with almost no consumer cost sharing, funded by progressive taxation. Yet this icon is under stress after a decade of under-funding, the Covid-related increase in patient expectations, serious workforce shortages related to Brexit, and continual changes in politics and policy.

The Summit began with Helen Buckingham, Director of Strategy at the Nuffield Trust and former senior executive at the NHS. She emphasized the strengths of the system as evidenced by its ability to produce some of the developed world's best health outcomes with some of the lowest expenditures. Funding for the system has increased in past years but demands on staff and patients' expectations have increased even faster, leading to frustration and workforce strikes. Waiting lists for surgery have reappeared and

hospitals are operating at full capacity due to difficulties in discharging patients to the over-extended long-term care sector.

The frustrations are experienced by primary care (general practice) physicians who work in community settings and by specialists (consultants) who are employed in hospitals. Dr. Laurence Leaver, a partner in a leading general practice in Oxford, bemoaned the continual ‘re-disorganization’ caused by the churn of policy initiatives and demands on practicing doctors. Dr. David Oliver, a specialist at an academic medical center, highlighted staffing and facility needs after a decade of austerity. Both remain committed to full-time practice and would love it if the system would just let them practice medicine rather than impose ever new administrative demands. This refrain is commonly heard on the American side of the Atlantic as well.

The faculty speakers agreed that the solution to the NHS difficulties would not come from spending a lot more money, since that is in short supply, but in spending smarter. It will require further digitization of primary care and its coordination with hospital specialists, long term care, home health caregivers, and community-based preventive programs. Tara Donnelly, CEO of Digital Care, emphasized the imperative to expand access to care outside traditional settings, including the home, with reliance on new digital tools.

As it revives from the Covid and Brexit challenges, the NHS is seeking to keep in touch with patients and patient advocates, with much more outreach and collaboration. The foundation of good patient experience is patient safety. The Summit was joined by Dr. Henrietta Hughes, the nation’s Patient Safety Commissioner, who reports directly to Parliament and who eloquently described the progress the NHS has made from a physician-centric to a patient-centric system.

THE ECOSYSTEM OF INNOVATION

England accounts for only 3% of the global market for pharmaceuticals but punches far above its weight in terms of research, development, and innovation in the life sciences. Its ‘golden triangle’ between Oxford, Cambridge, and London boasts some of the world’s leading universities and research institutes and sits at the center of an ecosystem of startups and global firms. Its output can be measured in patents, Nobel prizes, and breakthrough medications.

The supportive role of the NHS as an adopter of innovation was described by Dr. Penny Dash, chair of the northwest London Integrated Care System (ICS) Board. The ICS is a regional budget-holding NHS authority that encompasses a diverse urban geography with both the nation’s leading teaching hospitals and very deprived communities. The scale of the disparities is evidenced in the 18-year life expectancy difference for men living at the two ends of the district.

Half the delegation visited the Imperial College London, referred to as the ‘MIT of Britain’ due to its prowess in engineering, medicine, and the laboratory sciences, led by Dr. Bob Klaber, Director of Strategy, Research, and Innovation. He described the relationships between laboratory science, translational medicine, and commercialization in a way that helped explain how England ranks number two among developed nations globally in science and technology, after the United States, while ranking only 15th among those nations in overall health system performance (as assessed by the Foundation for Research on Equal Opportunity).

The other half of the delegation visited the offices of KHP Ventures; a collaboration between King's College Hospital NHS Foundation Trust and Guy's and St Thomas' Hospital NHS Foundation Trust. The organization is dedicated to accelerating the advancement and adoption of cutting-edge digital health and medical technology through investment. Their team conducts thorough evaluations of these tools and technologies and invests in those they believe will ultimately impact patient outcomes.

THE CHANGING ROLE OF PUBLIC POLICY

Health policy in England has undergone a transformation in recent years. From a singular focus on pharmaceuticals as a budget challenge to be managed, it now interprets the life sciences also as a pillar of the knowledge economy and a strength for the UK economy.

The first day of the educational summit was capped by an interactive discussion with Dr. Sam Roberts, CEO of the National Institute for Care and Health Excellence (NICE). NICE is famous globally as the organization that conducts comparative clinical and cost effectiveness studies on each new drug, medical device, and clinical pathway, traditionally with the focus of ensuring that the nation receives 'value for money.' It now has embraced an additional role as helping England be a nation of choice for the launch of innovative therapies, thereby benefitting not only patients but the ecosystem of research universities, entrepreneurial startups, and export-oriented corporations.

Dr. Roberts described the development of conditional insurance coverage and pricing for drugs that seek to enter the market despite not having completed the full course of clinical trials. While the UK regulatory equivalent of the FDA, the Medicines and Healthcare Products Regulatory Authority (MHRA) accelerates its own reviews of safety and efficacy, NICE has developed analogous pathways that extend to insurance coverage and pricing. Some of the new pricing models are linked to the evolution of evidence on effectiveness at the level of the targeted population or the individual patient, referred to as 'value-based' or 'outcomes-based' pricing. The landscape of innovative pricing models was described to the Summit by Omar Ali, a principal at the Verpora consulting firm who works with both pharmaceutical firms as suppliers and governmental entities as buyers of innovation.

FROM STARTUP TO 'SCALE UP'

The fount of innovation in all nations is entrepreneurial startups that span research universities and commercial enterprise, channeling scientific insights and talent into product development and commercialization. England has strong universities and numerous startups but is worried lest creative entities move to the United States or one of the 'Asian Tigers' (Japan, Taiwan, Singapore, South Korea, China) to obtain the large and 'patient' capital needed to grow into full-fledged firms with fully developed products.

The need to deepen capital markets and strengthen the willingness of pension funds to support the life sciences was the focus for the educational summit on the last afternoon. Tim Irish, chair of Kings Health Partners (KHP) venture fund hosted the delegates at his offices and then followed up with a presentation in the formal meetings. He was seconded by David Miller, an expatriate American and operating partner at GHO Capital Partners.

Both investors had strong opinions on the ingredients needed, beyond funding, for successful innovation. They supported the evolution at MHRA and NICE towards accelerated review and conditional coverage, arguing that the traditional data-intensive Health Technology Assessment methods take too long in the context of rapid and disruptive innovation. While these assessments have worked tolerably well for drugs, which often stay for a long period on the market before they are replaced by better-performing alternatives, it is ill-equipped to deal with the rapid pace of change for medical devices, diagnostics, digital therapeutics, and clinical algorithms. Tim Irish spoke to this theme out of personal experience, as former chair of the NICE board of directors. He also emphasized the importance of aligning the NHS delivery system with the innovation goals of the nation. Technological innovation will ‘twist in the wind’ unless there is sufficient organizational innovation so that new drugs and devices can be rapidly evaluated, reimbursed, and brought to patients.

CONCLUSION

The life sciences innovation ecosystem is deeply connected with the health care delivery system. England is a powerhouse in science and technology but over-stressed in payment and adoption. This is the challenge facing the English health care system in the coming years.

About TPG International Health Academy (TPG-IHA)

TPG International Health Academy (TPG-IHA) hosts Educational Summits around the world for US healthcare executives. The specific countries are chosen based on their unique perspective on a particular area in healthcare and allow participants the opportunity to expand their knowledge and meet with fellow colleagues from the U.S. while exploring another country’s health system.

If you would like to contact someone at TPG-IHA to get more information, or if you are interested in becoming a delegate or patron for a future program, visit us on our website at <http://iha.thetpgfamily.com> or email Jeff Carlisle at jeff.carlisle@tpg-group.com.