

Agreeing to the demands for higher branded drug prices in the UK will have significant negative effects on public health, social care and economic growth.

To: Prime Minister of the United Kingdom of Great Britain and Northern Ireland
Chancellor of the Exchequer and Second Lord of the Treasury
Secretary of State for Health and Social Care of the United Kingdom

Signed: Karl Claxton, Professor of Health Economics, University of York
Mark Sculpher, Professor of Health Economics, University of York

Date: 13th October 2025

We are two senior scientists, here writing in an independent capacity, who have led research for more than 10 years that provides robust evidence from which we can assess the likely impact of proposals for paying more for new drugs, currently being considered by Government. We are particularly concerned that there is no publicly available impact assessment based on this body of evidence to inform Government when facing this pressing policy decision. We write publically because it is important that NHS patients and the general public better understand the nature of this difficult choice and the scale of the consequences of any decision which will be made on their behalf.

The current proposals being considered by Government to increase the amount the UK pays for new drugs will have a significant impact on the health of all NHS patients. For example, a conservative estimate of the impact of an offer effectively to increase the prices of new drugs and spend an additional £1 billion on what are predominantly US and European drugs, would be over 4,500 additional deaths and a loss of almost 120,000 years of life in good health each year (Claxton 2023).

We would expect the greatest impact on reduced survival for patients with cancer, circulatory, respiratory and gastro-intestinal diseases and significant impacts on the quality of life for patients suffering from respiratory, gastro-intestinal, endocrine, neurological, muscular skeletal and mental health problems (Martin et al 2023, Claxton et al 2024). As well as reducing health outcomes for NHS patients, we can also expect an increase in health inequality (Love-Koh et al 2020, Martin et al 2022). We can also expect considerable negative impacts on the economy. A conservative estimate would be a loss of £6bn with larger long-term effects (Claxton et al 2021, Longo et al 2025a). We also know that this will have an impact on the Adult Social Care sector, increasing local authority costs by £130m each year (Longo et al 2023). If local authorities are unable to cover this additional expenditure, we can expect a further increase in mortality for NHS patients (Martin et al 2021), reduced quality of life and increased anxiety and depression among service users and their informal carers (Salas Ortiz 2024, Longo 2025b), and a further reduction in economic growth (Longo et al 2025a). The findings of this research simply reflect that fact that much of what the NHS does is extremely good value of money (Trigg 2025).

Government agreeing to internal (Vallance 2025) and external (Philipson 2025, Wingate 2025) pressures and offering even more to predominantly US and European pharmaceutical manufacturers will only compound these losses. The significant impact on NHS patients and the social care sector,

as well as economic growth, will not be compensated by any affordable new drugs (Claxton 2024) or inward investment in the life sciences sector (Lancet 2025).

Even if The Treasury commits to finding the additional public expenditure to cover the increased costs of new drugs, it remains a poor use of public funds, as any additional public expenditure would offer greater benefits if it was devoted to the NHS or adult social care. Some of any extra money could be used to invest in the research environment and the research infrastructure in the UK, which would support life sciences, attract inward investment and improve the evidence base for clinical practice, offering benefits to future NHS patients.

Of course, we do understand that the UK Government is in a difficult position. It can either back the NHS but risk tariffs for the UK pharmaceutical sector, or hope to avoid them by conceding to pressure from the US administration and US, European, as well as UK pharmaceutical companies. When we apply the Treasury's own valuations to the impacts of an additional £1 billion of NHS costs, the loss to the UK would be the equivalent of 77% of the value of all UK pharmaceutical exports or nearly half the total contribution the sector currently makes to GDP. At £1.5 billion, the loss would be worth more than the total value of all UK pharmaceutical exports or more than 60% of the contribution UK pharma makes to GDP. Therefore, any possible impact of tariffs or any threats to withdraw investment from the UK cannot compensate for the value of the losses to the health of NHS patients, to those in need of social care and their carers, to British taxpayers and to local economic growth.

We urge Government and Ministers to consider the full weight of robust research evidence with a comprehensive assessment of the value of all impacts when considering any deal that might be done. We are very happy to meet to discuss and share the details of this analysis with civil servants, Ministers and members of the Health and Social Care, Public Accounts and Treasury Committees.

The following published research was used in our independent analysis of the likely impact of increasing the costs of new drugs to the NHS by £1bn.

Claxton (2023). Estimating the health effects of changes in NHS expenditure. Centre for Health Economics Research Summary 9.

<https://www.york.ac.uk/media/che/documents/papers/researchsummaries/Summary%209.pdf>

Martin, S., Claxton, K. P., Lomas, J., & Longo, F. (2023). The impact of different types of NHS expenditure on health: Marginal cost per QALY estimates for England for 2016/17. *Health Policy*, 132, 104800. Article 104800. <https://doi.org/10.1016/j.healthpol.2023.104800>

Claxton, K. P., Lomas, J., Longo, F., & Salas Ortiz, A. (2024). Sampson and Cookson's commentary: what is it good for? *Health Policy*, 146, 105100. Article 105100.

<https://doi.org/10.1016/j.healthpol.2024.105100>

Love-Koh, J., Cookson, R., Claxton, K., & Griffin, S. (2020). Estimating Social Variation in the Health Effects of Changes in Health Care Expenditure. *Medical Decision Making*, 40(2), 170-182. Article 272989X20904360. <https://doi.org/10.1177/0272989X20904360>

Martin, S., Claxton, K., Lomas, J., & Longo, F. (2022). How Responsive is Mortality to Locally Administered Healthcare Expenditure? Estimates for England for 2014/15. *Applied Health Economics and Health Policy*, 20, 557–572. <https://doi.org/10.1007/s40258-022-00723-2>

Claxton, K., Sculpher, M., Palmer, S., & Culyer, A. J. (2015). Causes for concern: is nice failing to uphold its responsibilities to all NHS patients? *Health Economics*, 24(1), 1-7.

<https://doi.org/10.1002/hec.3130>

Longo, F., Claxton, K. P., Mason, A. R., Salas Ortiz, A., & Villasenor-Lopez, A. (2025a). Is Caring Productive? The Effect of Adult Social Care on Paid Production in England. *Health Economics*. Advance online publication. <https://doi.org/10.1002/hec.70026>

Longo, F., Claxton, K. P., Martin, S., & Lomas, J. (2023). More long-term care for better health care and vice versa: investigating the mortality effects of interactions between these public sectors. *Fiscal Studies*. <https://doi.org/10.1111/1475-5890.12322>

Martin, S., Longo, F., Lomas, J., & Claxton, K. (2021). The causal impact of social care, public health and healthcare expenditure on mortality in England: cross-sectional evidence for 2013/14. *BMJ Open*, 11(10), Article e046417. <https://doi.org/10.1136/bmjopen-2020-046417>

Salas Ortiz, A., Longo, F., Claxton, K. P., & Lomas, J. (2024). Unpacking the care-related quality of life effect of England's publicly funded adult social care. A panel data analysis. *Health Economics*, Article hec.4907. Advance online publication. <https://doi.org/10.1002/hec.4907>

Longo, F., Claxton, K., Salas-Ortiz, A., Lomas, J., & Martin, S. (2025b). Does publicly-funded Adult Social Care impact informal and unpaid carers' quality of life in England? *Health Economics*. Advance online publication. <https://doi.org/10.1002/hec.4957>

Trigg, L.A., Farmer, C., Muthukumar, M. et al. (2025). The Cost Effectiveness of Elective Surgical Procedures with Longer NHS Waiting Lists: A Targeted Review. *Appl Health Econ Health Policy* 23, 779–796. <https://doi.org/10.1007/s40258-025-00975-8>

Vallance Lord. (2025). BBC 25 sept <https://www.bbc.co.uk/news/articles/cre53ggey0eo>

Philipson T. (2025) The Economist 19 Sept <https://www.economist.com/by-invitation/2025/09/16/europe-is-not-pulling-its-weight-in-paying-for-drug-development-says-tomas-philipson>

Wingate S. (2025) Independent Wednesday 05 November. US ambassador warns pharma firms will quit UK if NHS does not pay more for drugs. <https://www.independent.co.uk/news/uk/home-news/donald-trump-nhs-keir-starmer-london-government-b2859259.html>

Claxton (2024) How should we reward pharmaceutical innovation. Centre for Health Economics Research Summary 18. https://www.york.ac.uk/media/che/documents/papers/researchsummaries/How_should_we_reward_pharmaceutical_innovation.pdf

Lancet Editorial (2025). Drug pricing and pharmaceutical innovation: a false promise. *The Lancet* Volume 406, Issue 10514, 25–31 October 2025, Page 1923. [https://doi.org/10.1016/S0140-6736\(25\)02160-9](https://doi.org/10.1016/S0140-6736(25)02160-9)