CRA Charles River Associates

Benchmarking the UK's Cost-Effectiveness Threshold: Findings from International Comparison

Introduction

The United Kingdom (UK) has used cost-effectiveness (CE) thresholds to guide healthcare funding decisions for over 25 years.[1] The National Institute for Health and Care Excellence (NICE), which sets guidance applicable to England, Wales, and Northern Ireland, has maintained a threshold of £20,000-30,000 per quality-adjusted life year (QALY) since the early 2000s.[2] In December 2025, the UK government announced as part of the UK-US trade deal for pharmaceuticals that the NICE threshold would be increased to £25,000-35,000 from April 2026, allowing for the recommendation of more new medicines and for the threshold to take into account its industrial policy objectives.[3]

Research by Charles River Associates, commissioned by the European Federation of Pharmaceutical Industries Associations (EFPIA), has assessed the cost per QALY thresholds across 36 countries (the EU-27 and 9 selected high-income nations).[4] This fact sheet summarises the key findings from the analysis, focusing specifically on how the UK's threshold compares to current international standards. The analysis focusses on a comparison of thresholds only, not broader pricing and reimbursement policies/mechanisms across the basket of countries.

Methodology

The research focused on the EU-27 and a selected group of high-income international countries: Australia, Canada, Japan, New Zealand, Norway, South Korea, Switzerland, and the United Kingdom (UK). These countries were chosen because they are often used as reference points in international policy discussions and collectively represent diverse health system structures and decision-making.

The research focused on five parameters: the presence and type of CE thresholds (explicit versus implied), the threshold value in terms of cost per QALY and method of determination, the threshold value relative to GDP per capita, the use of threshold modifiers such as those for severity or rarity, and the application of budget impact thresholds.

Data sources included official health technology assessment (HTA) documents, academic literature, and grey literature. Information was validated with European national trade associations. Where countries had threshold ranges, midpoints were used for comparison. All values were converted to GBP for consistency[5].

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[1] McCabe, C., Claxton, K., & Culyer, A. J. (2008). The NICE cost-effectiveness threshold: What it is and what that means. PharmacoEconomics, 26(9), 733-744.

[2] Scotland uses this range as a guide within a slightly different decision-making framework. Throughout this paper, the UK refers to decisions made by England's NICE which is applicable to England, Wales and Northern Ireland.

[3] National Institute for Health and Care Excellence. (2025). Changes to NICE's cost-effectiveness thresholds confirmed.

[4] EFPIA. (2025). Benchmarking International Cost-Effectiveness Thresholds: Implications for Biopharmaceutical Innovation.

[5] The currency conversion rate used was 1 EUR = 0.88 GBP.

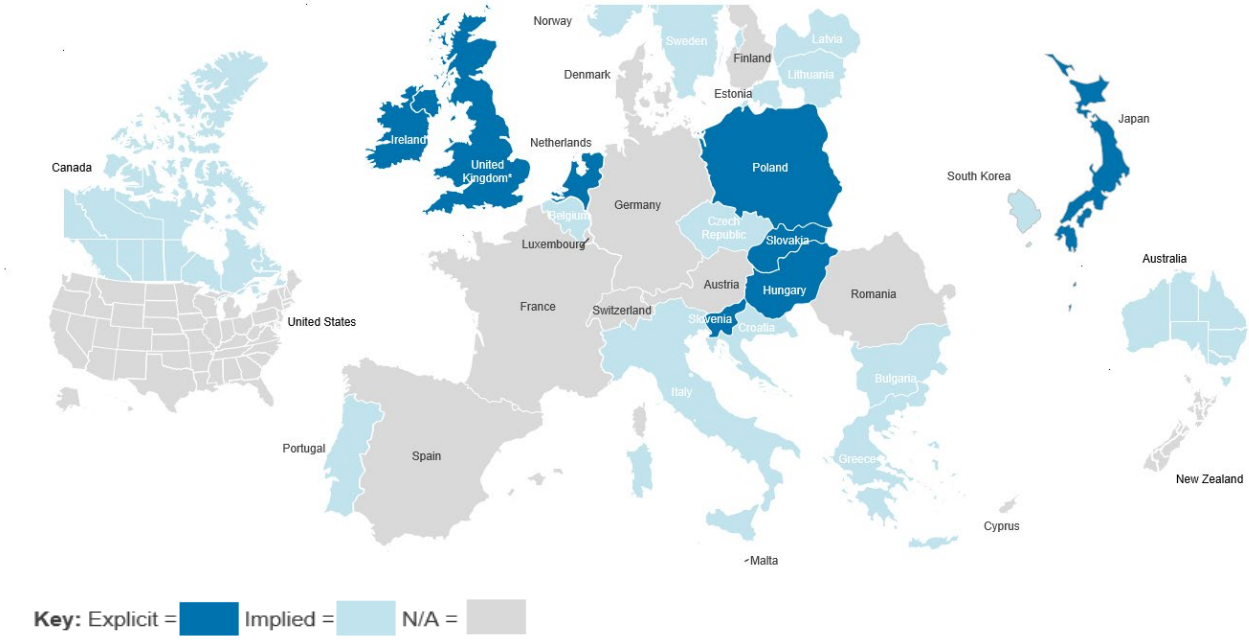
Key Findings

Presence of CE thresholds

The UK's use of an explicit threshold is relatively uncommon. The research found that of the 36 countries examined, only 8 countries (22%) have explicit thresholds formally defined in legislation or HTA guidelines, with the UK being one of these (see Figure 1. below). Many countries, 15 in total (42%), use implied thresholds i.e. those that can be inferred from past HTA decisions rather than set in law or guidelines.

Perhaps most notably, 13 countries (36%) have no identifiable cost-effectiveness threshold at all. This includes major European economies such as France, Germany and Spain, which either use different assessment approaches or consider cost-effectiveness without applying a fixed threshold.

Figure 1. Map of CE thresholds

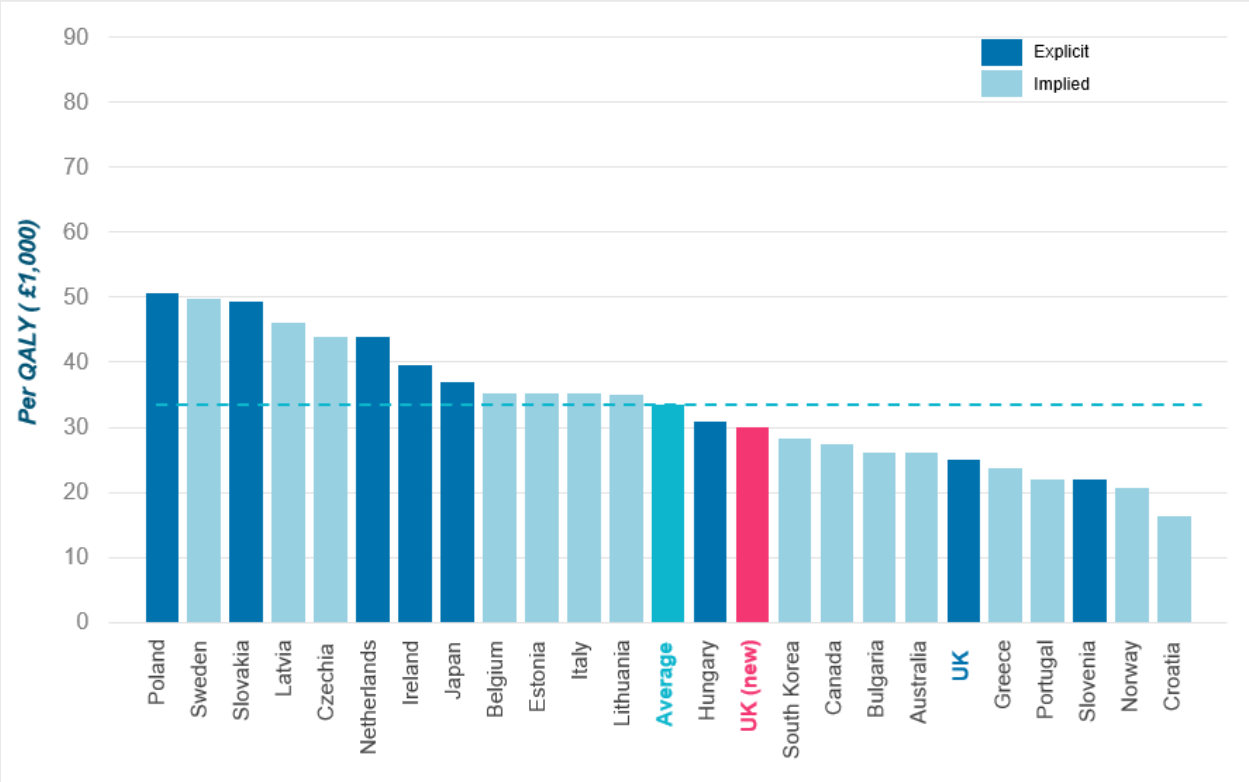


The value of the threshold (cost per QALY) & method for determination

Of the countries that do apply CE thresholds, the UK's position is notably low. At £25,000 per QALY (the midpoint of the £20,000-30,000 range), the UK sits well below the international average[6] of £33,400 across all 36 countries. At £30,000 (the midpoint of the new £25,000-35,000 range), the UK will sit just below the international average. Figure 2 below illustrates this, with countries ordered from highest to lowest threshold.

[6] The average includes all countries with an explicit or implied threshold. Countries with no identified threshold were not included in the calculation. The average does not include the new UK threshold figure.

Figure 2. International cost per QALY thresholds

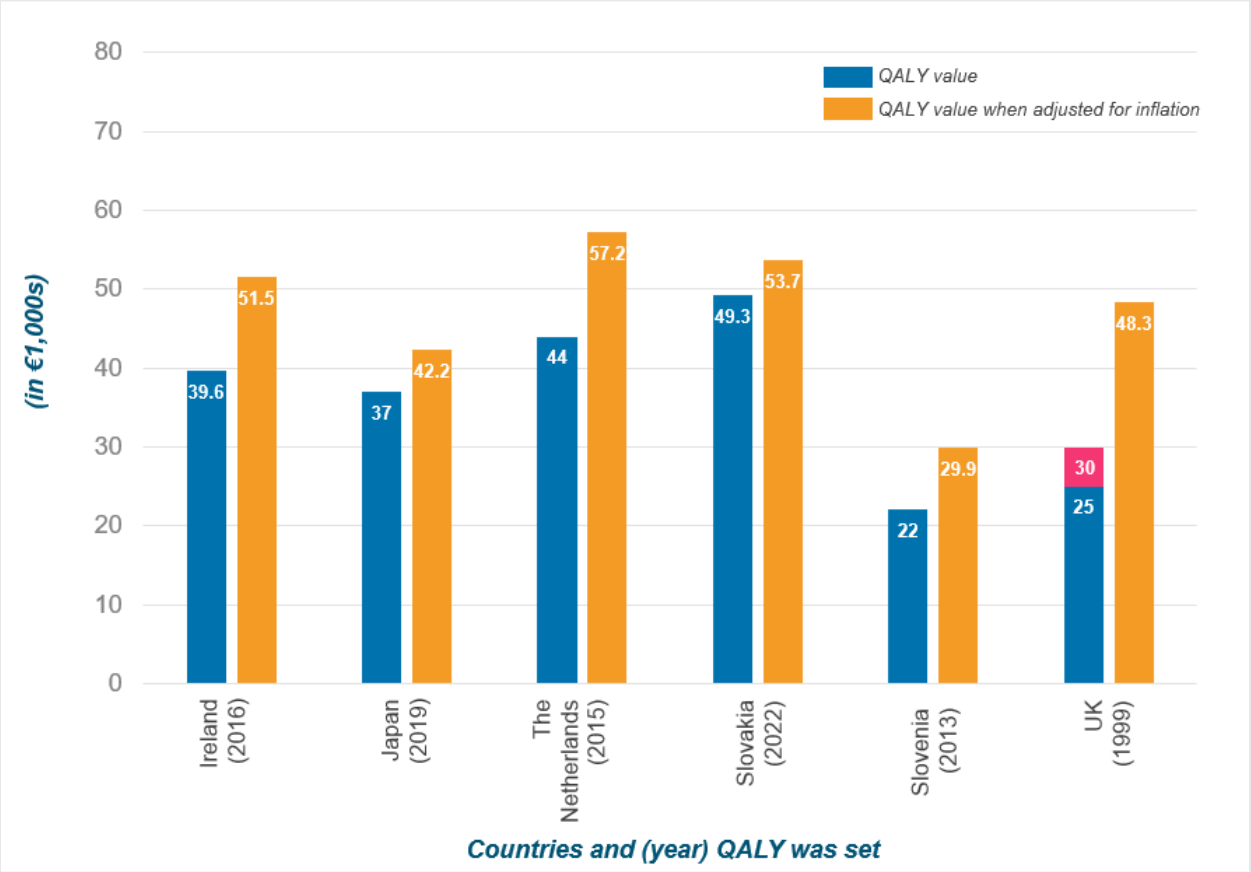


Poland was found to have the highest cost per QALY threshold at £50,700, more than double the UK's threshold. Among countries with explicit thresholds, Poland, and Slovakia (£49,300) have the highest. The UK has been in the lower third overall, with only 5 countries having lower thresholds: Croatia, Greece, Norway, Portugal and Slovenia. This positioning suggests that the UK applies considerably more stringent cost-effectiveness requirements than other high-income countries.

Until April 2026, the UK's low threshold had not increased since it was first introduced in the early 2000s. If the UK's threshold had kept pace with inflation over this period, it would now stand at approximately £48,300 per QALY (see Figure 3 below).[7]

[7] The United Kingdom's cumulative Consumer Price Index (CPI) inflation rate from 1999 (when NICE started making decisions on new technologies) to 2025 is 93.4%, based on inflation data from the Office for National Statistics.

Figure 3. Cost per QALY threshold vs. value if adjusted for inflation



Cost per QALY thresholds vs GDP per capita

Benchmarking thresholds against GDP per capita provides insight into how countries value health gains relative to their economic capacity. Among the 36 countries assessed, the analysis reveals varying approaches to setting thresholds in relation to national wealth (see Figure 4 below).

The UK is one of several countries where the cost per QALY threshold sits substantially below GDP per capita, indicated by a blue marker above the bar. The difference is particularly significant, with the UK's threshold is more than 30% lower than its GDP per capita. This indicates a comparatively conservative QALY threshold in the UK system, similar to the approach taken by Australia, Canada and Norway.

By contrast, countries like Poland, Sweden and Slovakia have thresholds that exceed their GDP per capita, shown by an orange marker. These countries apply more generous thresholds relative to their economic capacity.

Figure 4. International cost per QALY thresholds vs GDP per capita

The use of modifiers

The UK applies a severity modifier within its HTA framework. NICE's severity modifier allows additional QALY weighting (x1.2 or x1.7) when a disease is considered very severe. This modifier does not change the baseline threshold but adjusts the incremental cost effectiveness ratio calculation itself by weighting the incremental QALYs.

The UK also applies a higher threshold in the highly specialised technologies (HST) evaluation programme (£100,000 which is weighted between 1 and 3 using equal increments for a range between 10 and 30 QALYs gained) for a very small number of medicines that meet its entry criteria.[8]

Internationally, 13 countries use formal modifiers including for rarity, severity, and specific therapeutic areas.

Budget impact

The UK also operates a budget impact test alongside its CE threshold. This allows NHS England to seek commercial negotiations or phase rollout for any newly approved drug that is expected to cost over £40 million in any of its first 3 years. Internationally, while 27 of 36 countries consider budget impact in decision-making, only 5 have formal thresholds in place. The UK is among those

[8] National Institute for Health and Care Excellence. (2025). *HST routing criteria*. In *NICE-wide topic prioritisation: the manual*.

with a formal threshold, providing an additional mechanism to manage healthcare expenditure beyond cost-effectiveness considerations alone.

Conclusion

The UK is one of only 8 countries with an explicit CE threshold. At £25,000 per QALY, the UK's threshold has been considerably below the international average of £33,400 and ranks in the lower third of all countries examined. The UK government's commitment to increase the threshold to £25,000-35,000 brings it closer to the international average. Major European economies like France, Germany and Spain operate without formal thresholds, potentially offering greater flexibility in funding decisions.

Comparable nations like Ireland, the Netherlands, and Sweden maintain significantly higher thresholds than the UK. If the UK threshold had been adjusted for inflation, it would stand at £48,300.