

HEALTH CARE NEWS

NICE Moves Away From Drug, Technology Evaluation

Written By: Kenneth Artz

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Great Britain's new coalition government, led by the Conservative Party, has confirmed plans to strip some authority from the National Institute for Health and Clinical Excellence. Under the new arrangement, NICE will no longer be able to make recommendations on the use of new medical drugs and technologies by the National Health Service (NHS), Britain's government-run health care service.

Currently, NICE scrutinizes the cost and clinical benefits of new drugs and technologies to determine whether the NHS should pay for them. If NICE determines a treatment isn't worth the cost, it directs doctors not to prescribe or use it, thus effectively resulting in a nationwide ban on that product—much to the frustration of biotech and pharmaceutical companies.

According to Health Secretary Andrew Lansley, NICE will be “moved from its current central role in health technology assessment to make way for value-based pricing (VBP) of medicines.”

“Under the new system, the price of a drug will be determined by its assessed value,” Lansley said in a press conference.

‘Cost vs. Effectiveness’

Drug companies and patient support groups have criticized some of NICE's decisions, saying the agency has deprived patients of drugs that might have helped them.

NICE has been particularly rigid on expensive cancer medicines, rejecting those it deems to be of limited benefit. If the drug costs too much, then it doesn't get approved, according to **Devon Herrick**, a senior fellow with the **National Center for Policy Analysis**.

“Everything comes down to cost. Bureaucrats want to try and tell doctors how to practice medicine, but there's a slippery slope: Cost vs. effectiveness,” said Herrick.

New VBP System

Under the current system, the company sets its own price and NICE decides whether the government will pay for the drug or treatment. Under VBP, the government will begin reviewing clinical trials and other data on a drug's effectiveness before negotiating a price with drug companies, according to Karl Claxton, a health economics professor at York University.

“VBP means different things to different people,” says Claxton. “For example, if the price the government considers acceptable is too low, drug companies may simply refuse to supply their products in the UK for fear that it will reduce prices in other countries. That risks shifting the current criticism of NICE back towards the politicians.”

Canada and Australia already use versions of VBP, but Great Britain has an enormous influence on the rest of the world, Claxton says. If VBP is shown to work, and work well, it could be adopted across the world in many different health care systems.

“VBP is a way for the government to decide what a particular medicine is worth. This move creates more objective criteria for price controls and provides a political solution to the problems of price controls,” explains Herrick.

Trading Places

Under the current formula used by NICE, the agency measures quality-adjusted life years—a measure of disease burden, including both the quality and the quantity of life lived, used in assessing the monetary value of a medical intervention, to determine its cost-effectiveness. In the United States that decision is based solely on medical effectiveness, says Sally Pipes, president of the Pacific Research Institute.

Under President Obama’s health care law, however, the United States is adopting a policy resembling the pre-reform NICE plan, Pipes says.

“Dr. Donald Berwick, head of the Centers for Medicare and Medicaid Services, is a big fan of NICE and the NHS. He’s even called it a ‘national treasure.’ He wants to take America down the road that Great Britain and Canada have already gone down and abandoned,” Pipes said.

“Meanwhile, everyone knows that socialized health care is too costly and ineffective, and now those two countries are opening up their system to more private care.”

Britain’s move away from NICE could have an effect on U.S. consumers as a draw for medical tourism, Pipes says.

“If ObamaCare is not repealed or replaced, Americans might one day have a system in place that resembles NICE,” Pipes said. “They may eventually have to go to Canada and the UK for their medical care.”