

Cash for medicines: is NICE price right?

Challenges faced by the National Institute for Health and Clinical Excellence were addressed by its chairman Sir Michael Rawlins in front of an audience of NHS managers, clinicians, economists and journalists at a briefing in London last week. **Harriet Adcock** reports

With the changing political landscape, public sector bodies could be forgiven for contemplating their futures. But whether the National Institute for Health and Clinical Excellence will survive changes in future administrations is something of a no brainer. NICE can be sure of cross party support. After all, it makes the difficult decisions that are so hard for elected politicians to make.

Has NICE succeeded in its role since being set up in 1999? Its chairman Sir Michael Rawlins is circumspect: "NICE has survived, which some might think a surprise."

Along the way NICE has met many challenges. Next month, it will face a judicial review over methods used in its appraisal of Alzheimer's disease drugs. There have been criticisms over the organisation's transparency and independence. And its recommendations are increasingly used to highlight examples of postcode prescribing, leading to accusations that the organisation lacks teeth.

Despite these criticisms, Professor Rawlins is confident that NICE is fulfilling its remit. "Unquestionably, the quality of care for patients has improved," he said. Indeed, for him, the issue of postcode prescribing is something of a sideshow. "Appraisals [the recommendations from which are frequently used to show up variations in prescribing] get all the publicity. But it's the clinical guidelines that ultimately will make the big difference because of the solid work that goes into them."

On the question of whether NICE uses robust methodology in its appraisals and whether its methods are sufficiently transparent, Professor Rawlins believes NICE has come in for unfair criticism. "NICE is more transparent than any other NHS organisation," he said. "Everything we do we make publicly available except materials that were provided commercially in confidence."

Professor Rawlins suspects that criticisms levied at NICE stem from sour grapes: "People only criticise us on the methodology when it gives an answer they don't like."

He is also unapologetic about the varying thresholds of cost effectiveness that NICE uses when coming to its conclusions. He explained that although value is expressed in QALYs — quality adjusted life years — no one has come to a definitive conclusion as to where the threshold should be set for health. For example, the World Bank and World Health Organization put it at around a nation's gross domestic product (GDP) per

capita, whereas the International Monetary Fund would like it set at twice a nation's GDP per capita, he said.

The threshold used by NICE, explained Professor Rawlins, is based on the collective judgement of health economists in Britain. If a technology's cost is less than £20,000 per QALY it is viewed as cost effective. Above £30,000, then there have to be better reasons for accepting it as an effective intervention in the health service. "NICE has gone as high as £48,000 on one occasion," Professor Rawlins pointed out.

He cited the examples of zanamivir (Relenza), which evidence shows reduces the duration of influenza symptoms by about one day, and riluzole (Rilutek), used to treat patients with motor neurone disease and which prolongs life by several months. Both drugs have a cost of £38,000 per QALY but only riluzole is endorsed by NICE for routine use within the NHS. "This gives an idea of how we exercise judgement," he said.

Professor Rawlins conceded that cost effectiveness thresholds must be a dynamic concept. "But what should we increase it by," he asked. "The growth of the NHS budget? I'm not sure the system could cope with that," he warned.

On the issue of independence, Professor Rawlins recognises the role politicians must play in overseeing the work of NICE. "NICE is clearly funded by public money so Parliament has a right and a responsibility to make sure we use it appropriately."

However, he also thinks there is a case to be made for NICE being re-established under primary legislation. "Public perception of our independence would be better," he said.

A new set of rules would also allow NICE to work for Government departments other than the Department of Health. There would be wider scope for preparing health guidance of relevance to the home office, police, armed forces and for the department of education, said Professor Rawlins. New legislation might also mean that NICE can take into account a wider economic perspective than just the narrow one of health.

Professor Rawlins recognises that proposals set out by the Office of Fair Trading that NICE should be looking at all new drugs and major new indications with input into drug pricing would require a major expansion of



Michael Rawlins: quality of care has improved

the appraisal programme. He is nervous about having powers related to drug pricing and sees the potential for tension. He pointed out that as a country, Britain wants new innovative drugs, it wants a sustainable pharmaceutical industry and it wants drugs to be as cheap as possible. "Getting that balance is tricky," he said.

When it comes to alleviating health inequalities, Professor Rawlins believes there is a strong case for targeting public health measures. The targeting of clinical practice at different social groups, however, is another matter, he said. "It would cause tensions in society that would be difficult to sustain."

Disinvestment from technologies that do not work is another hot topic for NICE. "If we stop doing things that don't work it would give us head room to invest in other things," said Professor Rawlins. However, he acknowledged that this would not be easy.

"There are probably 20 drugs in the BNF that we shouldn't be using any more," Professor Rawlins argued. But he said that to gear up the system to illustrate this would be expensive and could be self-defeating.

The challenges facing NICE are certainly prime topics for public debate, something that NICE's chairman is keen to facilitate. And top of Professor Rawlins's wish list when it comes to understanding NICE and the way it operates is for the public to understand better that there is finite money in health care.

"In the past, politicians were not honest about this and pretended everything could be done," he said. "We cannot spend it twice so we have to ensure that we get the best value from the resources available."

No doubt NICE will continue to come under fire from the pharmaceutical industry, patient groups and the media. But as long as it maintains objectivity and fairness in its guidance to the NHS it is likely to continue to receive support from all political hues.

Sir Michael Rawlins was speaking at a briefing entitled "The future for NICE" organised by the King's Fund at its headquarters in London on 10 May