

Are new drugs too expensive?

Does a slow uptake of new drugs into the UK market force the industry to raise prices?

This was debated at recent PDIG symposium. Gareth Malson reports

New drug prices have rocketed over recent years. Lenalidomide, a treatment for multiple myeloma, was licensed in the UK earlier this year. Its cost per gram is approximately 650 times the cost of gold and for each patient, one year's treatment will be £50,000.

Liz Kay, clinical director of pharmacy services at Leeds Teaching Hospitals NHS Trust, described how the trust uses cost-effectiveness measures to decide if a new drug will receive funding. Any drug costing over £40,000 per quality adjusted life year (QALY) is usually denied funding. Therefore, she asked how funding lenalidomide is ever going to be feasible.

David Gillen, medical director at Pfizer, said that without a return on investment, research and development would not remain profitable. He believes that changing patent law to offer drug companies more time to make a return on investment could help reduce prices. However, he also suggested that medicines were cheaper in the UK than the rest of Europe.

Jonathan Howell, consultant in public health at West Midlands Specialised Commissioning Team, criticised the industry for using clinical trials as a marketing technique for getting medicines onto the market. He gave the example of some enzyme replacement therapies that are undergoing clinical trials and cost about £800,000 per QALY. Often, when such trials end, commissioners are forced to decide quickly whether funding should continue, with little prior knowledge of the product.

Dr Gillen said the industry is keen to work with the NHS to improve patient access to new drugs and that discussions are needed to determine how this could be done. He also pointed to risk-sharing schemes that were being offered by pharmaceutical companies to protect hospitals from paying for treatment that fails. For example, Janssen-Cilag have offered to refund the cost of bortezomib if a patient does not respond to treatment.

Professor Kay disapproves of such rebate offers. She told the conference: "This scheme messes with the pharmacy computer analysis figures, because you cannot assign zero cost to an individual item." She said that if a refund



David Gillen: The industry is keen to work with the NHS to improve patient access to new drugs

were appropriate, it was not clear who this money should go to and what it should be used for. She also highlighted the additional burdens of monitoring the effectiveness of these treatments and the administration of making the claim. Such schemes can make the treatment more expensive, because the hospital has to pay these additional costs on top of the drug cost.

— Slow market uptake

Dr Gillen told the conference that the UK has the lowest cancer survival rate in Europe. He believes that one reason for this is that new drug uptake is slow in the UK compared with other countries. He used the example of sunitinib, a treatment for renal cell carcinoma, which was licensed in the UK in 2006. About 500 patients in the UK currently receive it, compared with 5,000 in Germany. This is despite the original trial being designed and conducted in the UK. "NICE are not going to review sunitinib until 2009," he said. "Is this acceptable in a country like the UK? I would argue that it is not."

Dr Howell said that commissioners cannot make decisions until all of the necessary information is available. He recalled the problems that commissioners had with Herceptin (trastuzumab) in 2005. The media had portrayed the drug as one that would make a difference between life and death. At the time, Herceptin was not licensed, had no safety data and had high estimates for the number needed to treat. However, the drug company had put pressure on commissioners via the public and the media, by

releasing research results before full safety data were available. He warned that this had been a successful marketing tactic that the industry may reuse in the future.

Dr Howell reminded the conference that commissioners have to put policies in place that are appropriate for whole populations, not just individual patients. Dr Gillen suggested that the approach of commissioners is too focused on public health, and it needs to have more focus on the individual doctor-patient relationship.

Professor Kay said: "I do not feel there is a conflict between industry and the health service. The biggest problem is the politicians." She said that while politicians do not want to create postcode prescribing, neither do they want to implement rules that affect entire populations. Dr Howell added: "If money for drugs is held locally, a postcode lottery will be inevitable."

All speakers concluded that there needs to be an open dialogue between the NHS, commissioners and the industry. This would ensure that research objectives of all parties are the same and that all necessary information is available when a new product is licensed.

— Contracting for home care

Andrew Alldred, director of pharmacy at Harrogate and District NHS Foundation Trust, discussed the key issues and challenges of providing home care services. He suggested that such services will continue to grow as the provision of health care is driven closer to patients' homes. The service is currently worth an estimated £750m per year in the UK.

Current practice for awarding contracts to provide these services does not always follow standard procurement practice, according to Mr Alldred. Often, services are outsourced to a single home care company without being tendered to establish the best available offer.

Mr Alldred also warned that the pharmacy department must retain control of the service even if it has been outsourced. This means maintaining good links with clinical teams and the home care company, to ensure the pharmacy department is involved every time the service is used. Otherwise, invoices may start "appearing from nowhere" and the department will have no audit trail. He also emphasised the importance of receiving a breakdown of costs from the home care company, to ensure that the fees charged remain transparent.

The autumn symposium of the Procurement and Distribution Interest Group of the Guild of Healthcare Pharmacists was held in Coventry on 8 November. **Gareth Malson** is staff editor of *Hospital Pharmacist*.