Rationing in the UK and NICE: Death Panels or Evidence-based Decision-making?

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Outline

- The economics of the National Health Service (NHS)
- The National Institute for Health and Clinical Excellence (NICE) and its methods
- Challenging issues of method and process
- Insights for US health systems?
The economics of the NHS
Budget constraints and opportunity cost

NHS: Budget constrained health care system

New technologies
- Health gain
- Additional Cost

Displaced services
- Health forgone
- Resources released

One patient’s health gain can be another’s health loss
A short history of NICE

2010: 460 staff and a budget of £78m
NICE guiding principles

• Central concern with opportunity cost (reflected in the threshold)
• Interests of NHS patients rather than a strict ‘burden of proof’
• Broad view of evidence-based decision making
• Explicitness and transparency (up to a point)
  – Crucial role for evidence synthesis and modelling
• Inclusive consultative process including
• Political independence (up to a point)
COST-EFFECTIVENESS in HEALTH and MEDICINE

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## Use of cost-effectiveness analysis

Payer (NHS) perspective

QALYs as a summary measure of health

QALY weights use general public preferences; EQ5D preferred

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**Table 5.1 Summary of the reference case**

<table>
<thead>
<tr>
<th>Element of health technology assessment</th>
<th>Reference case</th>
<th>Section providing details</th>
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</thead>
<tbody>
<tr>
<td>Defining the decision problem</td>
<td>The scope developed by the Institute</td>
<td>5.2.5 &amp; 5.2.6</td>
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<tr>
<td>Comparator</td>
<td>Therapies routinely used in the NHS, including technologies regarded as current best practice</td>
<td>5.2.5 &amp; 5.2.6</td>
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<tr>
<td>Perspective on costs</td>
<td>NHS and PSS</td>
<td>5.2.7 to 5.2.10</td>
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<tr>
<td>Perspective on outcomes</td>
<td>All health effects on individuals</td>
<td>5.2.7 to 5.2.10</td>
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<tr>
<td>Type of economic evaluation</td>
<td>Cost-effectiveness analysis</td>
<td>5.2.11 &amp; 5.2.12</td>
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<tr>
<td>Synthesis of evidence on outcomes</td>
<td>Based on a systematic review</td>
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<td>Measure of health effects</td>
<td>QALYs</td>
<td>5.4</td>
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<tr>
<td>Source of data for measurement of HRQL</td>
<td>Reported directly by patients and/or carers</td>
<td>5.4</td>
</tr>
<tr>
<td>Source of preference data for valuation of changes in HRQL</td>
<td>Representative sample of the public</td>
<td>5.4</td>
</tr>
<tr>
<td>Discount rate</td>
<td>An annual rate of 3.5% on both costs and health effects</td>
<td>5.6</td>
</tr>
<tr>
<td>Equity weighting</td>
<td>An additional QALY has the same weight regardless of the other characteristics of the individuals receiving the health benefit</td>
<td>5.12</td>
</tr>
</tbody>
</table>

HRQL, health-related quality of life; NHS, National Health Service; PSS, personal social services; QALYs, quality-adjusted life years.
NICE’s challenges

Are these methods fair and legitimate?

Frequent challenges from interested parties

- Increases in transparency and inclusiveness
- WHO Review
- Citizens’ Council
- Political lobbying
NICE’s challenges

Should cost-effectiveness have central billing?

Concern that other things are missed: e.g. characteristics of the recipient group; innovation of product

- Explicit about the importance of health gain
- Reject idea of weighting QALY alongside other factors
- Deliberative approach preferred
Insights for the USA?

• Few lessons on science - but there is a power struggle
• Need to accept major differences in system
• But opportunity costs fall somewhere
• Need for political will
• Establish an arms-length organisation
• That organisation needs to be politically robust
  – Explicit process
  – Explicit methods
  – Maximise transparency and involvement
• Hope for the best!
Thank you

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