

New drug pricing scheme could politicise decisions and reduce access, says think tank

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The new proposed drug pricing scheme for the United Kingdom known as value based pricing could turn patients into “political pawns” and make it harder for them to get some drugs, an independent healthcare think tank has said.

The think tank, 2020health, published a report on 7 May in which it raises several concerns about the government’s plan to change the way that drugs are priced from next year.¹ The report examines the implications of the new arrangements for patients.

Under the current system for pricing drugs, known as the Pharmaceutical Price Regulation Scheme (PPRS), the price of individual drugs is not controlled, but companies’ total revenue from the NHS is limited.

The new system of value based pricing, which is due to be introduced in 2014, was designed to improve the link between drugs’ value to patients and the prices paid by the NHS. It will apply only to new products; established drugs would continue to be covered by PPRS.

The new approach is likely to include measures to calculate the medical value of a drug to patients through extending life or improving their quality of life; the cost savings of using a drug; and wider social benefits, such as a drug’s contribution to reducing the burden on carers or getting people back to work sooner.

“Value-based pricing sounds like an excellent idea with a well-researched methodology,” says the report. “On further examination the cracks begin to appear. The apparent sophistication of value-based pricing calculations cannot avoid an avalanche of problems because the real concerns of patients, doctors, and carers are only hidden from view.”

It argues that the new system, by losing current drug access schemes negotiated by the industry and the government, would reduce and not improve access to drugs. In addition, the public could see the pricing of drugs made into a political issue.

The report says, “Patients could become political pawns, in the way that hospitals are now. Persons whose drugs are deemed too costly for the NHS may have their cases picked up by the

press, a political party or an MP. The opinion of the National Institute for Health and Care Excellence (NICE) will not offer any political protection if at the time the pricing system is being radically changed.”

Barbara Arzymanow, the report’s main author, said, “The public have been told that politicians are staying out of the NHS, so this change could seem like hypocritical interference.

“Patients could mistake value based pricing for a commitment to make more medicines available, which is not the case. One product can have many uses and dosage regimes which are of different ‘value’ to different people. Pricing of medicines can be improved—but not through this entirely new scheme.”

Instead of the new arrangements the report urges the government to update the existing scheme and to continue to allow drug companies to fix their own prices for individual drugs, with new controls operating at the higher level of the entire cost of each company’s drugs to the NHS.

More patient access schemes should also be encouraged to help make drugs available to NHS patients at a cost that the drug industry would otherwise find unacceptably low.

Julia Manning, chief executive of 2020health, said, “Patients are usually blissfully unaware of pricing negotiations, but the government’s new plans for pricing will politicise a formerly non-contentious issue.

“Despite the intensive negotiations and new promises to include patients further in deliberations, this is an idea it seems was flawed from the start.”

A Department of Health spokeswoman said, “Our priority is to give NHS patients better access to innovative and effective new medicines at prices that reflect the value they bring to patients and society. Our discussions with key stakeholders continue.”

1 2020health. Value-based pricing: the wrong medicine for the nation? www.2020health.org/2020health/Publications/Publications-2013/-Value-based-pricing-the-wrong-medicine-for-the-nation.html.

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