

A NEW VALUE BASED-APPROACH THE PRICING OF BRANDED MEDICINES

ACADEMY OF MEDICAL ROYAL COLLEGES RESPONSE

The Academy of Medical Royal Colleges welcomes the opportunity to comment on the consultation paper *“A new value-based approach to the pricing of branded medicines”*.

The Academy’s membership comprises Medical Royal Colleges and Faculties across the UK. Individual Colleges and Faculties will have submitted their own responses to the consultation paper.

In particular, the Faculty of Pharmaceutical Medicine* (FPM) have considerable knowledge and expertise in this area have submitted evidence which, while broadly supportive of the concept of value-based pricing, expresses some concerns about its implementation and the impact on their members, the pharmaceutical industry and the health of the public. The FPM is unconvinced that the arrangements will deliver promote the degree of investment and innovation in the pharmaceutical industry that the Government would wish to see. The FPM also recommends that consideration be given to the future pricing of generic medicines in a value based pricing system.

The Academy supports the principle of linking the price of new medicines to their value but recognises, as the consultation paper acknowledges, that *“the complexity inevitably lies in determining how ‘value’ is defined and measured”*

The Academy’s response, however, does not seek to answer the detail of the questions which others will address but concentrates on one major issue which is of concern to our members. This is regarding the changed role of NICE and the expectations on local commissioning Consortia.

Role of NICE and commissioning consortia

The Academy understand the proposals to be that if a company sets a price higher than that justified by the value-based pricing assessment it would be asked to lower the price or produce further evidence to justify that price. If it did not do either of these *“it would be the company’s responsibility to explain to the public why it was not prepared to offer the drug at an appropriate price.”* (paragraph 5.7)

However, NICE would not be making a definitive national recommendation that the NHS did not purchase and use the said drug, instead that decision would be made by local commissioning consortia.

While appreciating that consortia will have the national evidence on the appropriate value, they will each separately have to make the decision as to whether to fund the particular drug.

Consortia may find it difficult to counteract the pressures that pharmaceutical companies will invest in promoting their new products, as well as influence from patient lobby groups,

pharmaceutical companies or newspaper headlines that may create local pressure to undermine evidence based treatment decisions and potentially lead to massive and unacceptable post-code variability.

Secondly, the argument about whether certain treatment options should be used may exacerbate tensions between doctors in the primary and secondary care sectors: a consultant initiating a very expensive drug may cross the guidance from a GP consortium, and this kind of pressure is time consuming and counterproductive – at present both are bound by similar rules. The issue of ‘any willing provider’ may also lead to patients shopping around to seek specialists that use high cost products. While patient and clinician choices do matter, the inability of NICE to set firm boundaries on drug purchasing is likely to inflate the overall drug budget.

The Academy believes the current process whereby there is a clear national decision on the value and use of drugs benefits the NHS and its loss will create greater problems for patients.

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*The Faculty of Pharmaceutical Medicine is a member of the Academy.