

The NHS and the cost-benefit dilemma

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New research by health economists at the University of York has raised concerns over any move to broaden the range of costs and economic benefits considered in the analysis of new NHS treatments.

A study by the University's Centre for [Health Economics](#) suggests that widening the perspective used by the National Institute for [Health](#) and Clinical Excellence (NICE) to assess the cost-effectiveness of new technologies may not benefit either the NHS or the wider economy.

The research examined a range of possible policies and a number of case studies from past NICE appraisals.

The new study suggested that taking into account effects outside the NHS would require trade-offs to be made between the overall impact on the health of NHS patients, other social concerns and wider costs and economic benefits

Extending the NICE perspective for drug assessment beyond the NHS raises questions of how to measure and value a range of wider economic effects, requiring controversial judgments about social values.

The research found that maintaining an NHS perspective would, in many circumstances, reflect overall [economic effects](#) because technologies which are regarded as cost-effective and offer overall health improvement for patients would also be expected to result in overall net economic benefits.

In addition, extending the perspective for all technologies appraised by NICE would impose additional costs on NICE's appraisal process and introduce the possibility of a biased assessment if the economic benefits associated with other NHS care which may be displaced are more difficult to identify.

Consideration could be restricted to exceptional cases where the external economic benefits are likely to be substantially greater or less than current NHS activities which may be displaced.

This more focused approach would require greater clarity on how wider effects will be considered by NICE, as well as criteria to identify exceptional cases, possibly based on the nature of the technology, the type of disease and the patient population. But the researchers warn that repeated application of this policy will ultimately lead to significant impacts on the NHS and a positive bias in favour of new technologies.

Lead researchers Professor Karl Claxton and Professor Mark Sculpher conclude: "Adopting a wider perspective without taking proper account of the implications of an NHS budget, which is fixed by government and beyond the remit of a body like NICE, has little to commend it. "

The independent study, which was commissioned through the Department of Health's Policy Research Programme, will be discussed at a workshop this Spring.

Provided by University of York

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