

Calling time on the Cancer Drugs Fund? Funding the NHS in the age of austerity

Since its inception, how the National Health Service is to be funded has been a significant issue in UK political discourse. In one way or another, it is usually a major part of general election debates, and it is increasingly clear that the organization of the NHS and its funding arrangements will strongly influence our immediate political future. First, a recent King's Fund report (Ham et al, 2015) has argued that the reforms instituted by the coalition government have had a detrimental effect on the service. Second, the challenges we currently face in meeting our health and social care needs will, among other things, require significant financial investment. This is something that our 'age of austerity' augers against. At the same time, the costs of developing drugs are increasing, while the drugs we develop target increasingly specific diseases or subsets of diseases. The smaller patient populations mean that such drugs are correspondingly more expensive to provide.

The National Institute for Health and Care Excellence (NICE) is the body responsible for evaluating the costs and benefits of new treatments. Indeed, NICE not only performs such analysis but makes recommendations about the appropriate use of such treatments, sets standards of care and issues guidelines for diagnosis. It is an essential part of the clinical landscape in the UK. However, soon after coming to power in 2010 David Cameron initiated the Cancer Drugs Fund, a mechanism that provides access to expensive cancer drugs. The Cancer Drugs Fund circumnavigates the processes and methodologies put in place by NICE and funds drugs that have not yet been assessed as well as those that NICE has rejected. The political benefits are clear – on the face of it the Cancer Drugs Fund prevents unfortunate cases where a patient is unable to access a new drug that has the potential to cure his/her cancer and save his/her life. Except, of course, this is not quite the whole picture.

Problems with the Cancer Drugs Fund

The benefits offered by the drugs funded by the Cancer Drugs Fund tend to be modest. As compared to existing treatments, they often extend life by a few months but cost far more. The Cancer Drugs Fund only funds cancer drugs and there are many other patients who are equally in need of access to expensive new drugs. This is, on the face of it, inequitable; there is no mechanism for such individuals to circumnavigate NICE. The money might also be better spent on other cancer patients who do not need drugs but instead require expensive surgery and/or radiotherapy. Again there is no alternative source of funds for these patients. Increasing funding to these areas would decrease time to treatment and therefore produce better outcomes. Similarly it is clear that, on the basis of a report by researchers at the Centre for Health Economists at the University of York (Claxton et al, 2013), the money could be used to greater effect almost anywhere elsewhere in the NHS (Claxton, 2015).

One might conclude, then, that the Cancer Drugs Fund is less about health care than it is about trying to avoid a particular kind of political difficulty. When cancer's self-styled biographer calls it the 'Emperor of all Maladies' it is clear that the disease occupies a particular place in our cultural imaginary (Mukherjee, 2011). By providing access to new drugs the Cancer Drugs Fund prevents newspapers from printing articles about individuals who desperately want particular treatments but cannot do so.

However, the fund is unsustainable, both politically and financially. Despite having a budget of £230 million, the Cancer Drugs Fund is significantly overspent. While its budget will be increased to £340 million in the next financial year it will no longer be providing access to around 16 different drugs that it previously funded. For some this is because

they are being approved by NICE, but others will simply no longer be funded. Even if we consider the Cancer Drugs Fund to be a solution to a political problem it is, at best, a short-term fix. It seems, then, that the unwanted headlines will return.

Wider consequences

At the same time the Cancer Drugs Fund itself is increasingly being criticized for the effect it has on the funding and, more importantly, purchasing landscape. Not only could NHS patients derive greater levels of benefit if the funds were spent elsewhere, the Cancer Drugs Fund is increasingly perceived as undermining the work that NICE does. Indeed, the Chairman of the Cancer Drugs Fund has recently been reported as saying as much (Anonymous, 2015).

Part of the problem is with the way expensive pharmaceuticals are priced. These drugs are global products, sold in a variety of marketplaces. Such markets are structured differently and so will bear different prices. The consequence is that the 'headline prices' advertised by manufacturers are often subject to negotiation. Given that the NHS is, in essence, the single purchaser of such products in the UK and a necessary part of the NICE approval process involves cost assessment we are in a relatively strong position to negotiate prices. Under the recently renewed Pharmaceutical Price Regulation Scheme the NHS and the pharmaceutical industry have formed an agreement to control prices and price inflation, while NICE is empowered to negotiate in a more detailed and case by case manner.

Of course, the way NICE evaluates the relative costs and benefits offered by new drugs is reasonably transparent and can, therefore, be examined by vendors before any negotiation. While this may weaken the position of the NHS as the single purchaser, given that the evaluations conducted by a public body must be transpar-

ent, it is unavoidable. It is not, however, unavoidable that the Cancer Drugs Fund further undermines this position by acting as a second point of purchase. Furthermore, it seems that the Cancer Drugs Fund does little to engage with manufacturers on the issue of price.

After the Cancer Drugs Fund delisted Halaven the manufacturer, Eisai, has made it clear that it was not given the opportunity to lower its prices as there was no mechanism for doing so (Anonymous, 2015). However, one might note that Eisai seem not to have continued to negotiate with NICE on the issue of Halaven's price during the period in which the Cancer Drugs Fund has been purchasing it. Nevertheless, Eisai continue to argue that the NHS ought to provide patients with its drug. Indeed, at the time of going to press, Eisai announced that Halaven would continue to be provided by the Cancer Drugs Fund pending a reconsideration of the decision to remove it. However, it is not clear if the cost of the drug had been significantly altered, if Eisai and the Cancer Drugs Fund will now engage in price negotiations or if it was simply the result of a technical appeal.

The need for NICE

The problem lies with the way NICE approval is being fractured by the Cancer Drugs Fund. If we are to control costs this must not be allowed to happen. Indeed, it seems that having had its drug Kadcyra funded by the Cancer Drugs Fund has encouraged the makers, Roche, to bring a legal challenge to not only NICE's rejection of the drug but to its right to reject the drug (Calkin, 2014). The aforementioned Pharmaceutical Price Regulation Scheme places restrictions on the degree to which the NHS spending on pharmaceuticals can increase, year on year. Roche appears to be arguing that because this agreement is in place its drug will not additionally burden the NHS. However the purpose of NICE is not, simply, to prevent year on year increases in expenditure but to exert control over expenditure in the long term. If we become unable to examine the financial utility of pharmaceutical products we will become unable to control the long-term inflation of costs. Such an eventuality would be the beginning of the end for the NHS.

We have a distinct difficulty in addressing funding for health care. Even as the Cancer Drugs Fund becomes part of the problem it was supposed to address, both the Conservatives and now Labour are committed to maintaining its existence. This is highly likely to be because the nature of the fund is such that eliminating it will generate the kinds of headlines it was supposed to forestall: 'Cancer patients denied life-saving drugs'.

The rhetoric of the NHS is that it is free at the point of use and that patient need comes before costs of treatment. While we do not have clear mechanisms for the rationing of treatment – even NICE does not ration treatment as it does not control treatment budgets – the NHS has many mechanisms for preventing costs from spiralling out of control.

While no system is perfect – and there has recently been a good deal of discussion about how we should best amend the approach taken to the cost–benefit evaluation of treatments by NICE (Claxton et al, 2008; Raftery, 2014) – we are doing a reasonable job in comparison to the relative expenditure of other countries. If we are to continue to do so we must not allow ourselves to be distracted by solutions that do little more than court headlines.

As the British Medical Association's general election campaign suggests, playing political games with the NHS is having a devastating effect (British Medical Association, 2015). If the Cancer Drugs Fund cannot be closed then the first order of business must be to place it under the purview of NICE. At the same time our political and professional leaders should take the opportunity to publicly support this vital institution. [BJHM](#)

Nathan Emmerich

Visiting Research Fellow
School of Politics, International Studies and
Philosophy
Queen's University Belfast
Belfast BT7 1NN
(n.emmerich@qub.ac.uk)

- Anonymous (2015) Benign or malignant? A well-meaning gesture is causing more and more trouble. *The Economist* (www.economist.com/news/britain/21640343-well-meaning-gesture-causing-more-and-more-trouble-benign-or-malignant) accessed 13 February 2015)
- British Medical Association (2015) #NoMoreGames. <http://bma.org.uk/working-for-change/nhs-campaign-2015> (accessed 13 February 2015)
- Calkin S (2014) Appeal finds NICE decision on £90k breast cancer drug 'unfair.' *Health Serv J* 16 Dec (www.hsj.co.uk/news/finance/appeal-finds-nice-decision-on-90k-breast-cancer-drug-unfair/5077722.article) accessed 7 March 2015)
- Claxton K (2015) The UK's Cancer Drugs Fund does more harm than good. *New Scientist* 13 Jan (www.newscientist.com/article/dn26785-the-uks-cancer-drugs-fund-does-more-harm-than-good.html) accessed 7 March 2015)
- Claxton K, Briggs A, Buxton MJ, Culyer AJ, McCabe C, Walker S, Sculpher MJ (2008) Value based pricing for NHS drugs: an opportunity not to be missed? *BMJ* **336**(7638): 251–4 (doi: 10.1136/bmj.39434.500185.25)
- Claxton K, Martin S, Soares M et al (2013) Methods for the Estimation of the NICE Cost Effectiveness Threshold. CHE Research Paper 81. www.york.ac.uk/media/che/documents/papers/researchpapers/CHERP81_methods_estimation_NICE_costeffectiveness_threshold_%28Nov2013%29.pdf (accessed 13 February 2015)
- Ham C, Baird B, Gregory S, Jabbar J, Alderwick H (2015) The NHS under the Coalition Government. www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/the-nhs-under-the-coalition-government-part-one-nhs-reform.pdf (accessed 7 March 2015)
- Mukherjee S (2011) *The Emperor of All Maladies: A Biography of Cancer*. Simon and Schuster, New York, NY
- Raftery J (2014) NICE proposes alternative for value based pricing. *BMJ Blog* <http://blogs.bmj.com/bmj/2014/02/25/james-raftery-nice-proposes-alternative-for-value-based-pricing/> (accessed 13 February 2015)

KEY POINTS

- Properly funding the NHS is predicated on a body like the National Institute for Health and Care Excellence evaluating the costs and benefits of treatments.
- The National Institute for Health and Care Excellence is being undermined by the Cancer Drugs Fund.
- The Cancer Drugs Fund is increasingly unable to solve the problem it was supposed to address, as it is becoming part of that same problem.
- NHS funding will always be a politically fraught issue.
- It is not only a matter of how much we spend on the NHS but how it is spent.
- If the issue of NHS funding and expenditure is to be addressed properly we need leaders who are prepared to go beyond short-term politics.