

## Is It Time to Play NICE?

The American Reinvestment and Recovery Act 2009 (ARRA) earmarks more than \$800 million toward research on comparative effectiveness of medical treatments. In addition, more than \$700 million is directed to the Agency for Healthcare Research and Quality, a research institution with a long history of evaluating effectiveness of treatments. With healthcare reform at the top of the agenda for the 111th Congress and the Obama administration, will a NICE-like entity be part of the reform package?

NICE, the National Institute for Health and Clinical Excellence, makes recommendations on how care, treatments, and medications are distributed through the United Kingdom's National Health Service (NHS). In addition, other countries such as Brazil, Columbia, Australia, and Thailand, follow NICE recommendations. Despite initial opposition, pharmaceutical companies and device manufactures routinely cut prices in Britain to obtain NICE approval. More than 95% of the healthcare provided in Britain is through the NHS. Prior to NICE, hospitals made decisions about care based upon financial constraints, which led to great disparities in care. NICE's prior approval of drugs and treatments guarantees that all institutions offer the same care options.

### Thrice as NICE

Nice is divide into three separate centers:

- *The Center for Public Health Excellence* works to promote good health by providing public health guidance that involves recommendations for "populations and individuals on activities, policies, and strategies that can help prevent disease or improve health."
- *The Center for Clinical Practice* develops clinical guidelines on

appropriate treatment for specific diseases.

- *The Center for Health Technology Evaluation* "develops technology appraisals and international procedures guidance." The guidance, based on both clinical and economic research, focuses on the appropriate use of medications, medical devices, and diagnostic and surgical procedures.

NICE has encountered much criticism due to its use of economic research in establishing approved treatments and medications. For example, NICE rarely approves treatments that offer just six months of good-quality life and cost more than \$23,000. Perhaps this is why pharmaceutical and medical device manufacturers cut prices so severely in Britain and not in other countries.

### Oregon Déjà Vu

Although the use of cost-benefit analysis to evaluate the appropriateness of medical treatments in the United States may seem unique, the state of Oregon first used such an approach more than 15 years ago. To address the rapidly expanding costs of Medicaid, the state obtained a Medicaid waiver from then President Clinton and established the Oregon Health Plan in 1993. The plan's administrators assembled research panels that reviewed hundreds of treatments, ranked them by benefit and cost, and produced an overall ranking of the treatments for which Medicaid should pay. Estimating the expected demand for each treatment, the administrators then applied the Medicaid budget to the costs of the treatments as ranked, thereby producing a list of approved treatments:

**[Budget – (Treatment 1 Cost x Estimated Frequency) – (Treatment 2 Cost x Estimated Frequency) – etc.]**

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The rejected treatments were those that ranked where the budgeted Medicaid funds ran out. Since the list was developed from both cost-benefit analysis and budgeted amounts, many critics of the plan claimed it to be care rationing. Similar cries of foul currently exist in Britain.

Much of the resistance to healthcare reform in Congress and beyond is based on cost concerns. Even though the United States spends more than 30% more per capita on healthcare than any other country, healthcare policymakers struggle to find the sources of revenue to enact reform. The ARRA offers a large sum of money to research the same issues currently investigated by NICE. In addition, the budget outline presented by the President early this year included additional money for comparative effectiveness research as part of his plan to reform healthcare. Perhaps the success of healthcare reform depends on the ability of comparative effectiveness research to show the way to cost savings that can fund the reform.

### Wennberg Still Relevant

More than three decades ago Dr. Jack Wennberg identified variation in care in communities in Vermont. Simple analysis of his work showed that some of the care provided was inappropriate, more expensive than alternatives, and

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offered worse outcomes. This work continues today at Dartmouth College with repeated studies illuminating similar findings across the country. Therefore, it is safe to assume that large sums of money are being wasted on care that offers little benefit and in some cases delivers harm.

How the Obama administration intends to apply comparative effectiveness research in future forms of healthcare delivery is unknown. Nevertheless, considering the large investment in this area, it makes sense

that at some point it will be offered up as a source of revenue to pay for healthcare reform. Although this may be good or bad policy to some, the reality is that in spite of all the good care we offer to our patients, we spend an awful lot of money on treatments that frankly do patients very little if any good. At the same time, there are numerous treatments that patients never receive due to our inability to effectively reach out to them. No matter what form healthcare reform takes, comparative effectiveness research must be included. It is time for us to apply the scientific method used in our medical research, analysis of what is valuable and what is not, to our appropriation of limited medical resources to the care of patients. This is the only way we can expand access and improve quality without bankrupting our economy and destroying American businesses. **IPSQH**

## FURTHER READING AND REFERENCES

[www.nice.org.uk](http://www.nice.org.uk)  
<http://www.dartmouthatlas.org/>  
[www.ahrq.gov](http://www.ahrq.gov)  
[www.hhs.gov/healthit](http://www.hhs.gov/healthit)  
[www.whitehouse.gov/the\\_press\\_office/arra\\_public\\_review](http://www.whitehouse.gov/the_press_office/arra_public_review)

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