**Expert body given responsibility to look at the benefits medicines bring to wider society**

The Department of Health today announced further steps in its commitment to making sure patients get the medicines they need whilst ensuring what the NHS pays for medicines is fair and better value for taxpayers.

First, the department has given the National Institute for Health and Care Excellence a new blueprint to look at the benefits drugs bring to patients and the wider society. NICE will be responsible for assessing new medicines as part of value-based pricing, linking the price of a drug to its value, which will be introduced in January 2014. They will work with patient groups, the NHS and the drugs industry to decide exactly how to value new drugs. This will be based on the best available evidence and will be as transparent as possible.

Secondly, the Department of Health has launched a consultation to strengthen the statutory pharmaceutical pricing scheme, which covers the prices the NHS pays for branded drugs not covered by the voluntary Pharmaceutical Price Regulation Scheme (PPRS). The consultation is seeking views on a price cut on drug prices of between 10% and 20% to ensure the NHS is getting good value for money.

Thirdly, the department will continue to negotiate with industry on the voluntary PPRS, including how the results of a NICE value assessment will influence the price the NHS pays, and we will have an update on that later this year.

**Lord Howe Health Minister said:**

“We want to make sure we get the best possible outcomes for all NHS patients with the resources we have.

“We cannot simply spend more and more on drugs – this would mean spending less and less elsewhere. That’s why we have asked NICE to look at the impact that drugs can have on people’s ability to work or contribute to the economy and society.  A drug that brings a lot of extra benefits may justify the NHS paying more, but equally the NHS might pay less for a drug that does not deliver wider benefits.

“NICE is a world leader in the assessment of medicines and other treatments and will now work with patient groups, the NHS and the drugs industry to take this important work forward.”

The government has worked extensively with the pharmaceutical industry, the NHS, patient groups and NICE to develop a way to allow medicine prices to more accurately reflect their value to society, and this work will now help to inform NICE’s work going forward.

The chief executive of the National Institute for Health and Care Excellence, Sir Andrew Dillon said: “We welcome these new terms of reference from the Department of Health and look forward to engaging with our partners on how best to apply them in our evaluation of new drugs and other treatments.”

Value-based pricing will involve broadening NICE’s role in assessing new drugs for the NHS. For example, when NICE looks at the value of a drug, it might consider whether that treatment may mean patients need less support from carers. This could reduce the impact of their condition on their family or carers, which is a wider societal benefit. It may also mean NICE can look in greater depth at how serious a condition is  with the current best available treatment and place a higher priority on helping patients with the greatest unmet needs. As now, NICE will also take full account of the benefits of drugs that may bring down the overall cost of treatment in the long term.

**Myeloma UK Chief Executive, Eric Low said:**

“I am very pleased that NICE will have the central role in the broader value assessment of new treatments. This is something that Myeloma UK has called for since the initial consultation on VBP. Their expertise in doing these types of complex assessments is second to none and I am very confident they will not only do it well but will evolve and improve their assessment methods over time as they have done since their inception.

''Most importantly, today’s announcement ensures that patients will be firmly at the centre of these broader assessments of value and that discussions and outcomes will not be determined solely by a bilateral agreement between Government and industry.”

**Contact**

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