EDITORIAL: PHARMACEUTICALS AND GOVERNMENT POLICY

Tony Hockley

Consumers, not patients

The rise of the consumer in healthcare is the theme that most clearly links the essays that follow. Healthcare systems worldwide are facing important challenges, as their users change from being impassive recipients of services determined by third parties to active and interested consumers.

Le Grand (2003) has described the challenge for public services in chessboard terms, in which the development of quasi-markets has gone hand in hand with a change in perceptions of service providers and an enlarged role for citizens themselves: providers may no longer be universally viewed as public-spirited 'knights', but self-motivated 'knaves', and service users are no longer 'pawns' but 'queens', the most powerful piece on the board. He comments that:

> 'The person who is most motivated to improve his or her health is the user himself or herself. Professionals may not be entirely or even largely knaves; but they can never have the same degree of concern for users as users have for themselves.'
>
> (Le Grand, 2003, p.81)

Perhaps the biggest challenge for public policy from this societal change in the role of the citizen is that it is also leading to greater diversity of demand. It is no longer tenable to assume that what is good for one person in one part of a country will also be acceptable for another elsewhere. The analysis by Telser and Zweifel makes this point with some rigour. By using discrete-choice experiments involving the Swiss population the authors demonstrate considerable heterogeneity amongst this population of just 7.2 million. Nevertheless, policy-makers in many countries continue to undertake public service reforms that concede users some degree of choice, but which continue to restrict variations in the services between which they might choose. The paper by Bosanquet highlights these restrictions in service provision in the UK context. Such restrictions are a strong feature of many pharmaceutical markets, with the rise of national prescribing guidance and *de jure* or *de facto* negative lists of non-reimbursed drugs in order to meet national cost-containment goals.

The ability of governments to selectively limit access to healthcare is, however, in decline. Their citizens are increasingly well-informed, and are confronting service providers with information that is readily available in a wide variety of media, including the Internet. Local restrictions have come face to face with the globalisation of knowledge. Attridge describes how the UK has for decades managed to covertly limit the National Health Service to something much less comprehensive than political rhetoric would have UK citizens believe. The use of waiting lists for elective treatments has been an important rationing tool for many years, but Attridge shows how the UK also makes UK patients wait much longer than those in other countries to gain access to new medicines.

The shift from covert to overt rationing of publicly-funded healthcare has perhaps been slowed by governments' attempts to limit access to information, particularly information from the pharmaceutical companies highlighting the possibilities for treating common diseases. Auton reviews the evidence from the two countries that do permit direct-to-consumer advertising (DTCA) of prescription drugs, and finds nothing to prove harm to public health that might justify such an exceptional restriction on an industry's communication with its potential customers. Levels of under-treatment for major diseases in many of the countries that do not permit DTCA are a considerable cause for public health concern (Pollard *et al.*, 2006). It is interesting that the policy of the European Commission, in order to face the challenge of the informed consumer, was to concede 'pilots' for communication between the pharmaceutical industry and consumers, but only in those disease areas with the most vociferous and high-profile patient groups rather than those with the highest levels of ignorance, untreated disease and avoidable mortality (Newey *et al.*, 2004). This follows in the same vein as the existing EU legislation, which permits the advertising of over-the-counter medicines and vaccines, for which the consumer, rather than the health system, is usually the payer.

The papers by Lilico and Sedgley deal with some of the public policy challenges for the pharmaceutical sector. Sedgley highlights some of the inconsistencies and inadequacies of European and UK ambitions for global competitiveness in pharmaceuticals, and sets the use of R&D tax breaks against arbitrary price cuts and the restrictive use of new medicines to explain Europe's relative decline as a base for the pharmaceutical sector, as even European companies now choose to place more of their new R&D activities in the US than in their 'home' markets. Lilico, however, argues that there are also inconsistencies in the pharmaceutical industry's own strategies, when judged against a desire for market-based pharmaceutical policy.

For a market to function efficiently not only must there be open access to reliable information but, as several of the authors describe, the supply side must be responsive to effective demand from informed consumers. Very few countries achieve this, but instead apply restrictive national service standards, whilst also circumscribing what users themselves can or must pay. There is now considerable interest in consumer-based welfare systems (Prewo, 2004), and the role of new ways of funding healthcare in order to enable market-based systems to develop (Hockley, 2005), but the papers in this collection show that there remains a significant gulf between theory and practice.

References

Hockley, T. (2005) *Healthcare in the Balance*, London: Civitas. Available at www.civitas.org.uk/euseminars/MainReport.pdf.

Le Grand, J. (2003) *Motivation, Agency and Public Policy*, Oxford: Oxford University Press.

Newey, C., E. Nolte, E. Mossialos and M. McKee (2004) *Avoidable Mortality in the Enlarged European Union*, Paris: Institut des Sciences de la Santé, Paris. Available at www.euractiv.com/28/images/ISS%20Avoidable%20Mortality%20final%20%20Nov%2004_tcm28-132956.pdf.

Pollard, S., M. Sedgley and T. Hockley (2006) *Cholesterol: The Public Policy Implications of Not Doing Enough*, London: Stockholm Network. Available at www.stockholm-network.org/downloads/publications/d41d8cd9-Cholesterol%20Report.pdf.

Prewo, W. (2004) *From Welfare State to Social State*, Brussels: Centre for New Europe. Available at www.cne.org/pub_pdf/2004_Prewo_Welfare_State.pdf.

Tony Hockley is Research Associate, LSE Health & Social Care, London School of Economics & Political Science, LSE, Houghton Street, London WC2A 2AE (t.c.hockley@lse.ac.uk).