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Treasury Chambers, Parliament Street, SW1P 3AG
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23 December 1988

Rt Hon Kenneth Clarke QC MP
Secretary of State for Health
Richmond House
Whitehall
London SW1

Dear Secretary of State,

HEALTH TECHNOLOGY ASSESSMENT

We are all familiar with the rapid pace of change in health technology. It is an international phenomenon, and new technologies have undoubtedly made an important contribution to improved standards of medical care. But it also seems to be a general rule that new technologies cost more than the ones they replace. This makes it all the more important that these developments are properly evaluated, taking into account their costs as well as likely clinical effectiveness.

I have recently come across examples of the work produced by the Office of Technology Assessment in the United States, on the effectiveness and costs of new health technologies. The particular case study I saw covered new treatments for chronic renal disease. I found this an admirably clear and well presented piece of work, helpfully free of jargon and with the minimum of technical explanation.

I am aware that health technology assessment is already carried out in this country, much of it organised and funded by your department. But I wonder if there is scope for a better focus than now exists, particularly on cost effectiveness. I should accordingly be very interested to hear your views on the work and approach of the US Office of Technology Assessment and, more generally, on what plans your department have to improve their assessments of cost effectiveness in this area.

I am copying this letter to the Prime Minister, Peter Walker, Tom King, Malcolm Rifkind, John Major and David Mellor; and to Sir Roy Griffiths, Sir Robin Butler, Professor Griffiths and Mr Whitehead in the No 10 Policy Unit and to Mr Wilson in the Cabinet Office.

Yours sincerely,
Muir Wallace

RP NIGEL LAWSON

(Approved by the Chancellor,
and signed in his absence)