

NATIONAL INSTITUTE FOR HEALTH AND CLINICAL EXCELLENCE

Discounting of health benefits in special circumstances

1. Summary

- 1.1 The Guide to the Methods of Technology Appraisals 2008 describes that cost effectiveness results should reflect the present value of the stream of costs and benefits accruing over the time horizon of the analysis, using the economic principle of discounting. It further indicates that for the reference case an annual discount rate of 3.5% should be used for both costs and benefits; based on the recommendations of the UK Treasury
- 1.2 The Guide also notes that when results are potentially sensitive to the discount rate used, consideration should be given to sensitivity analyses that use differential rates for costs and outcomes and/or that vary the rate between 0% and 6%. No indication is given, however, what circumstances might justify choice of a specific, alternative discount rate.
- 1.3 The NICE Board, having given consideration to the circumstances where it expects advisory bodies to use the sensitivity analysis on the impact of discounting of health effects, has issued the following clarification of the Guide to the Methods of Technology Appraisals.

2. Clarification of the Guide to the Methods of Technology Appraisals

- 2.1 The relevant sections of the Guide is as follows (clarification additions highlighted in bold italics):

5.6 Discounting

5.6.1 *Cost-effectiveness results should reflect the present value of the stream of costs and benefits accruing over the time horizon of the analysis. For the reference case an annual discount rate of 3.5% should be used for both costs and benefits. When results are potentially sensitive to the discount rate used, consideration should be given to sensitivity analyses that use differential rates for costs and outcomes and/or that vary the rate between 0% and 6%.*

5.6.2 The need to discount to a present value is widely accepted in economic evaluation, although the specific rate is variable across jurisdictions and over time. The Institute considers it appropriate to **normally** discount costs and health effects at the same rate. The annual rate of 3.5%, based on recommendations of the UK Treasury for the discounting of costs, should be applied to both costs and

health effects. ***Where the Appraisal Committee has considered it appropriate to undertake sensitivity analysis on the effects of discounting because treatment effects are both substantial in restoring health and sustained over a very long period (normally at least 30 years), the Committee should apply a rate of 1.5% for health effects and 3.5% for costs.***

3. Implementation and evaluation

3.1 This clarification of the Guide to the Methods of Technology Appraisals applies with effect from 20 July 2011.