

The Cost of Cancer: Policy and Programmatic Considerations

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INTRODUCTION

In Wisconsin, an average of 30,674 people are diagnosed with cancer each year.¹ Advances in early detection, better treatments, and increased awareness of risk behaviors have led to decreases in cancer mortality in Wisconsin and across the country.¹ However, health care costs have risen simultaneously with these advances. In addition to worries about the future, difficult treatment decisions, and a host of other concerns, distress over how to manage the disease financially now adds an additional burden to many individuals who receive a cancer diagnosis. Almost half of individuals with a cancer diagnosis say that the costs of care are a burden on their family.² Because of the significant number of individuals affected by cancer every year, the issues experienced by cancer patients and their families are important considerations to include in the larger policy and programmatic conversations related to health care access and affordability.

ISSUE EXPLANATION

Costs of Cancer Care

Cancer is one of the most expensive conditions to treat in the United States.³ As more advanced treatments are developed, these costs are continuing to rise. From 2000 to 2012, the average cost of a year's cancer treatment increased between 5 to 10 times.⁴ In 2012, 12 of the 13 new cancer drugs approved were priced at over \$100,000 for a year of treatment.⁴ Even so, drug prices are still only a portion of total treatment costs. Other cancer treatment costs may include fees for laboratory tests, office visits or hospital stays, and other medications for the treatment of side effects.⁵ Cancer patients and families can also incur indirect costs like transportation to frequent appointments, dependent care, and loss of pay from time off work.⁶

Health Insurance Coverage

Even individuals who have insurance are not insulated from cost concerns and are impacted by these high costs. Although a record 94% of Wisconsinites are now insured,⁷ today's health plans are shifting a higher proportion of the costs of care back to patients through higher deductibles and out-of-pocket costs. According to a Kaiser Family Foundation survey, the percentage of employees enrolled in a health plan through their employer with a deductible of \$1,000 or more for single coverage increased from 10% in 2006 to 51% in 2016.⁸ In 2017, 4 in 10 adults with insurance say they have difficulty affording their deductible.⁹ Even after the deductible amount is met, the consumer must pay a portion of the costs of care – a coinsurance percentage or set copay amount – out of pocket. In 2014, almost a quarter of U.S. adults aged 19 to 64 who were insured all year were considered “underinsured,” in that they had deductibles or total out-of-pocket costs that took up more than 10% of their income.¹⁰

Key Points

- Cancer is one of the most expensive conditions to treat in the United States, and patients are increasingly taking on more financial responsibility for their care.
- Almost half of individuals with a cancer diagnosis say that the costs of their care are a burden on their family.
- 1 in 3 working-aged cancer survivors go into debt as a result of their treatment and studies indicate that 20% to 30% of cancer patients choose alternate treatment methods or forgo treatment all together based on cost.
- The experiences of cancer survivors and their families present important considerations for decision makers related to health care access and affordability.

In addition to expanding coverage and protecting cancer survivors from coverage exclusions or denials based on their pre-existing condition, the Affordable Care Act (ACA) did institute certain protections meant to shelter individuals like cancer patients from exorbitant out-of-pocket costs. For example, the ACA removed the ability for insurers to set annual and lifetime limits on coverage.¹¹ Before the ACA removed these limits, one in ten cancer patients reached the limit their insurance company had set and were left to cover the



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entire remaining cost of their treatment.² Additionally, each year the federal government now sets a maximum out-of-pocket amount that consumers can be charged each year - \$7,150 for an individual and \$14,300 for a family in 2017.¹² However, an individual with a cancer diagnosis could easily reach this amount within the first few months of treatment. Even with these protections, many cancer patients end up taking on significant financial responsibility for their care.

IMPACTS ON CANCER SURVIVORS AND FAMILIES

According to a 2016 study, 1 in 3 working-aged cancer survivors find themselves in debt as a result of their treatment.¹³ When survivors went into debt, over 55% owed more than \$10,000 and 3% even declared bankruptcy.¹³ A study in Washington State found that cancer patients are 2.6 times more likely to declare bankruptcy than non-cancer patients.¹⁴ Younger patients with lower incomes and public insurance are more likely to declare bankruptcy than their other working-aged peers.¹³

The financial toxicity of a cancer diagnosis can have far-reaching impacts on an individual’s overall mental health and treatment outcomes. One-third to one-half of all cancer survivors report having experienced clinically high levels of stress related to managing

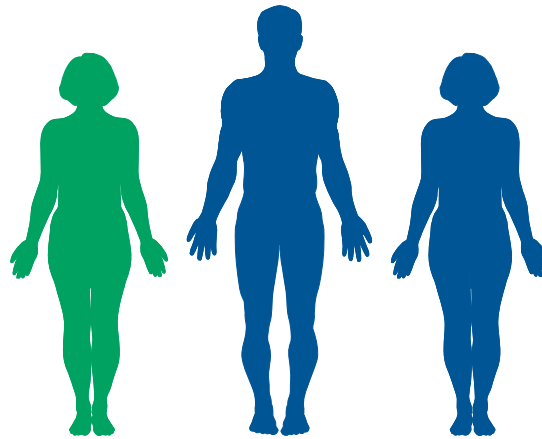
the cost of care.⁶ Several studies have indicated that between 20% to 30% of insured cancer patients cannot afford the recommended treatment and either choose an alternative method or forgo treatment all together.^{15,16,17} A follow-up to the Washington State study also found that bankruptcy is associated with higher mortality among cancer patients.¹⁸

POLICY AND PROGRAM IMPLICATIONS

The cost of cancer care is a significant issue that has major implications for the American health care system now and in the future. As the current administration and Congress pursue health care reform through regulation and legislation, it is imperative that they consider the experience of cancer survivors and their families. This is especially important when evaluating policy proposals that could increase out-of-pocket costs for consumers, adversely impact pre-existing condition protections, or decrease the comprehensiveness of coverage. Policymakers must also take into account rising treatment costs when examining changes to how we fund programs like premium and cost-sharing assistance, Medicaid, and Medicare. Until the underlying issues that cause exorbitant health care prices are addressed, policies and programs meant to assist consumers in accessing affordable health coverage must accurately account for the full cost of care.

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Likewise, decision makers should continue to support policies that incentivize individuals to take advantage of preventative care. A focus on prevention and early detection leads to decreases in cancer mortality¹, but it can also have a significant impact on costs. In a study of breast cancer survivors, researchers found that treatment costs increased by stage of diagnosis.¹⁹ Therefore, a focus on prevention and early detection is essential not only to decrease overall cancer prevalence and mortality, but also to help keep down health care costs. This may disproportionately affect certain populations, including African Americans and Latinos who are more likely than non-Hispanic whites to be diagnosed at a later stage for most cancers, including breast cancer.^{20,21}

On the programmatic side, the American Society of Clinical

Oncology recommends conversations between providers and patients about the costs of treatment and strategies to manage them as a key component of high-quality cancer care.²² However, according to a survey by the Cancer Support Community, 78% of cancer survivors do not recall ever having had a conversation with their provider regarding the costs of care before beginning treatment.¹⁵ Additionally, 10% of cancer survivors report poor understanding of their health insurance and that this lack of understanding has caused them to be unable to access the care they need.¹⁵ Patients indicate that they would not want societal or personal costs influencing their course of treatment.²³ However, sharing available resources to relieve costs or to understand and navigate insurance coverage could

be a significant help to patients and families in distress.

This brief does not cover all aspects of the cost of cancer issue, nor does it address all potential impacts on cancer patients and their families or all possible solutions. However, acknowledging the significant costs of managing a chronic disease like cancer is the first step in reducing the financial burden on the over 285,000 cancer survivors currently living in Wisconsin.¹ Policy and programmatic solutions that financially protect patients, prevent or reduce costs where possible, and help patients manage the costs of their treatment should be considered in order to increase access to quality cancer care in Wisconsin and across the country.

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