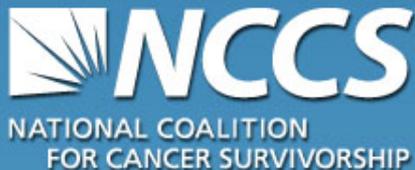


The State of Cancer Care 2018

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Turner & Goss
June 26, 2018



The State of Cancer Care

- The economics of cancer care
- Cancer care cases and deaths (Report to the Nation)
- Treatment advances
- Access to care

Economics of Cancer Care

- The economics of cancer care from different perspectives
 - Health care economic perspective
 - The view of oncology professionals
 - The economic experience of patients

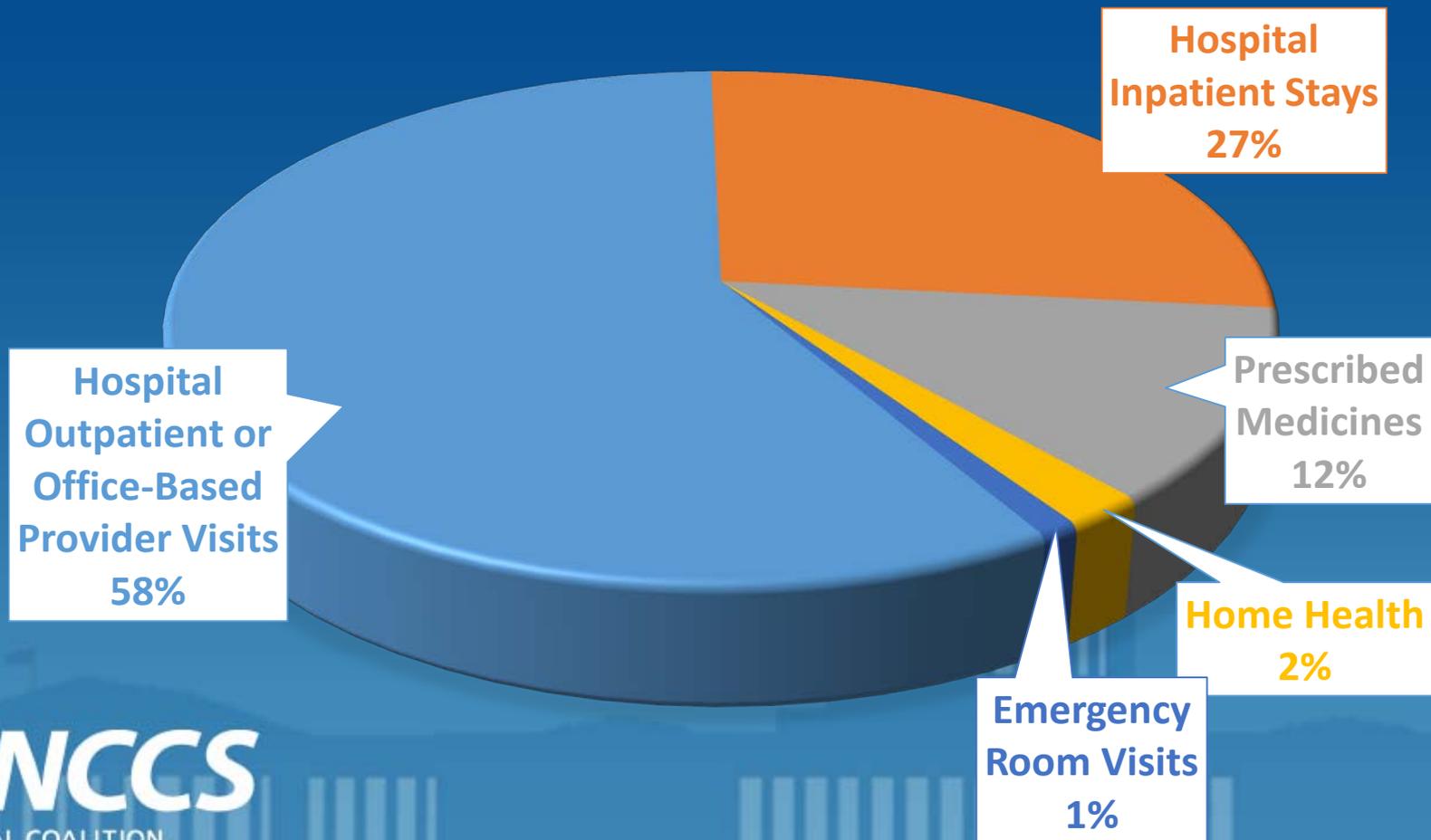
Economics of Cancer Care: Spending Trends

- A report from IQVIA Institute for Human Data Science, Global Oncology Trends, 2018, finds:
 - Spending on cancer drugs in the US doubled since 2012 and reached almost \$50 billion in 2017
 - Two-thirds of the growth in spending resulted from the use of drugs launched within the past five years
 - List prices of new cancer prices have risen steadily over the past decade; median annual cost of a new cancer drug launched in 2017 exceeded \$150,000 (compared to \$79,000 for new cancer drugs in 2013)

National Costs of Cancer Care

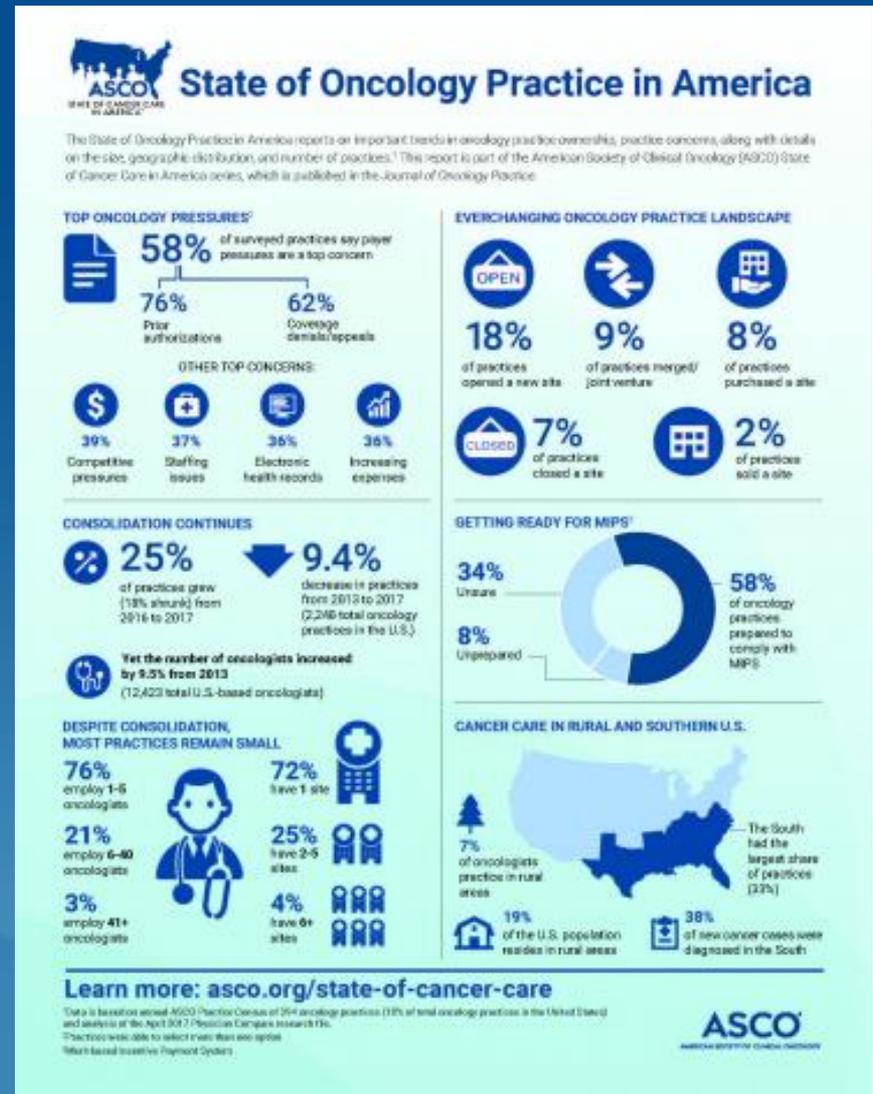
- 2010: \$124.57 billion
- 2020: projected \$157.77 billion
- This projected increase in cost of care is related to population changes alone
- Assuming costs of care that increase annually by 2% would push 2020 spending to \$173 billion, or a 39% increase from 2010
- Source: Projections of the Cost of Cancer Care in the United States, 2010-2020

Total US Expenditures for Cancer By Type of Service - 2014



ASCO State of Oncology Practice in America, 2018

- Main sources of strain for oncologists: payers, competition, staffing
- Prior authorization was dominant payer pressure
- Electronic health records are a burden; only 15% report full interoperability



Practice Concerns

TOP ONCOLOGY PRESSURES



58% of surveyed practices say payer pressures are a top concern

76%

Prior authorizations

62%

Coverage denials/appeals

Practice Concerns

OTHER TOP CONCERNS:



39%

Competitive pressures



37%

Staffing issues



36%

Electronic health records



36%

Increasing expenses

Practices were able to select more than one option

Economics of Cancer Care: The Patient View

- Direct costs
 - Premiums
 - Deductibles
 - Co-payments or co-insurance
 - Out-of-network costs
 - Balance billing
 - Costs of medical and supportive care not covered by insurance

Economics of Cancer Care: The Patient View

- Indirect costs of cancer
 - Lost income
 - Disability
 - Lodging near treatment
 - Transportation to care
 - Wigs, cosmetic items to address side effects
 - Nutritional expenses
 - Mental health services not covered by third-party payer
 - OTHER

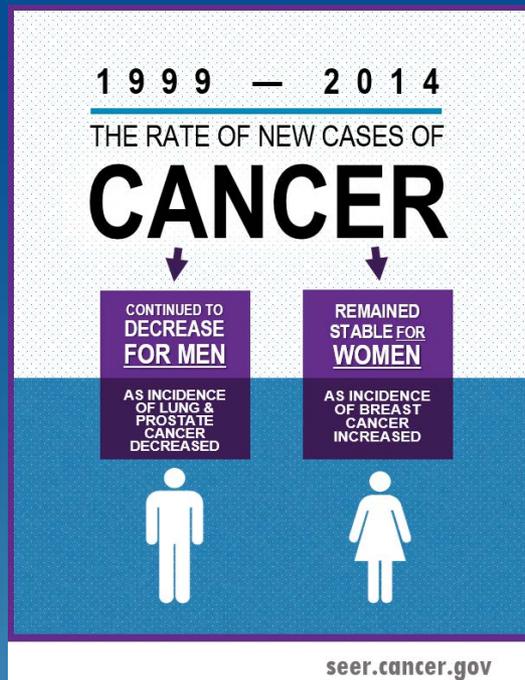
Economics of Cancer Care: The Patient View

- Variables affecting patient spending
 - Treatment choices
 - Interdisciplinary mix of surgery, radiation, and drug therapy
 - Choices among drug therapies (chemotherapy, targeted therapy, immunotherapy, hormone therapy)
 - Supportive care needs
 - Site of care
 - Cancer center (out-of-network or not)
 - Community oncology
 - Hospital-affiliated practice

Economics of Cancer Care: The Patient View

- Financial toxicity, defined by Zafar and Abernethy
- From Financial Toxicity, Part I: A New Name for a Growing Problem:
 - “Before we describe the patient experience around costs, we must first ask, are patients paying more out of pocket for their cancer care? The answer, quite simply, is yes, because: 1) cancer treatment is more expensive; 2) this expensive treatment is overutilized; and 3) as a result, the rising costs are passed on to the patient.”
- It’s Time to Intervene:
 - “While research has described the financial harm associated with cancer treatment, little has been done to effectively intervene on the problem. Long-term solutions must focus on policy changes to reduce unsustainable drug prices and promote innovative insurance models. In the mean time, patients continue to struggle with high out-of-pocket costs. For more immediate solutions, we should look to the oncologist and patient.”

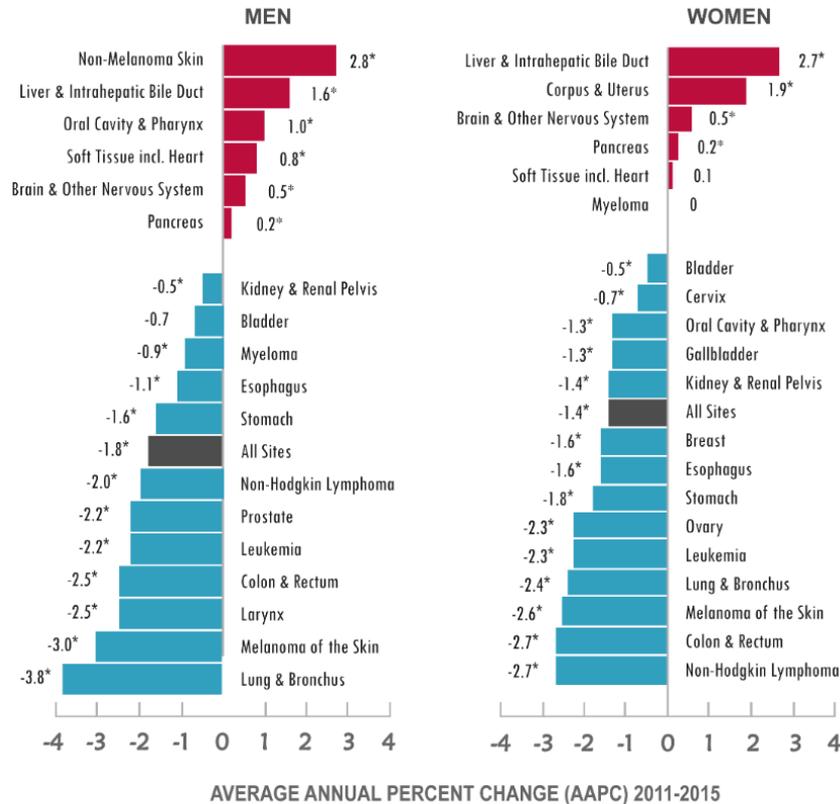
State of Cancer Care: Incidence and Mortality



- Annual Report to the Nation on the Status of Cancer, released May 2018
 - From 1999 to 2015, overall cancer rates decreased by 1.8 percent per year among men and 1.4 percent per year among women
 - From 2011 to 2015, death rates decreased for 11 of the 18 most common cancer types in men and for 14 of the 20 most common cancer types in women
 - Death rates for cancers of the liver, pancreas, and brain and other nervous system increased in both men and women
 - A more detailed look at prostate cancer revealed an increase in diagnosis of distant disease

Trends in Cancer Death Rates

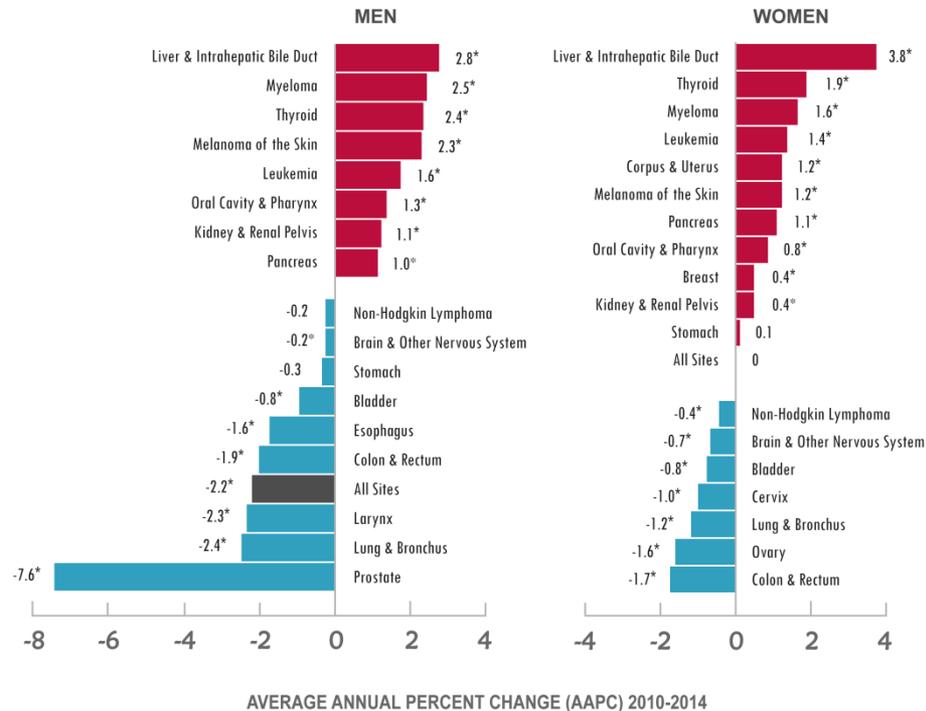
NATIONAL TRENDS IN CANCER DEATH RATES



*AAPC is significantly different from zero ($p < .05$).

Trends in Cancer Incidence

NATIONAL TRENDS IN RATES OF NEW CANCER CASES



*AAPC is significantly different from zero ($p < .05$).

Rates were adjusted for reporting delay in the registry.

seer.cancer.gov

Source: Annual Report to the Nation, Part 1: National Cancer Statistics

Cancer Treatment Advances

- From Global Oncology Trends, 2018, IQVIA Institute:
- “In 2017, 14 New Active Substance cancer therapeutics were launched; all of them targeted therapies and 11 of them identified as breakthrough therapies, demonstrating potential for substantial improvement over existing therapies on one or more clinically significant endpoints.”
- “Across a number of major tumor types, patient treatment protocols are based on the identification of biomarkers, which are re-defining cancer into more precise categories.”

Cancer Treatment Advances

- From recent Annual Meeting of American Society of Clinical Oncology
- TAILORx trial results, reported in NCI press release:
 - New findings from the groundbreaking Trial Assigning Individualized Options for Treatment (Rx), or TAILORx trial, show no benefit from chemotherapy for 70 percent of women with the most common type of breast cancer
- Immunotherapies: promising results, patient demand. From STAT News:
 - Immunotherapy is a source of great hope in cancer care. It has rescued some patients from the brink, while giving others a reason to believe that they, too, could beat the long odds. But these therapies are also creating a vexing dilemma for doctors: Their patients, citing television ads and media accounts of miraculous recoveries, are pushing hard to try them, even when there is little to no evidence the drugs will work for their particular cancer.

Access to Cancer Care

- Sources of health insurance for people with cancer:
 - Medicare – about half of all people with cancer are Medicare beneficiaries
 - Medicaid – about one-third of children with cancer are Medicaid recipients
 - Children’s Health Insurance Program (CHIP) – a source of coverage for additional children with cancer
 - Employer-sponsored health insurance – a significant source of coverage
 - ACA plans, available through marketplaces – cancer-specific data limited; coverage for “pre-Medicare seniors” who are cancer survivors
 - Note: ACA provision permitting young adults to 26 to remain on parents’ coverage has been an important source of coverage to young adult cancer survivors

Effects of Affordable Care Act

- Kaiser Family Foundation:
 - Uninsured rate among nonelderly population hovered at about 16% from 1998 to 2006
 - Uninsured rate peaked during the recession, 18.2% in 2010
 - Uninsured rate declined to 10.2% in 2016
 - From 2013 to 2016, the number of uninsured Americans declined from 44 million to 27.6 million

How Do Cancer Survivors Benefit from ACA?

- Insurance regulations protect cancer survivors
 - Guaranteed issue
 - Community rating
 - Limits on age rating
- Essential health benefits
 - Prescription drug coverage
- Recent studies identify ACA shortcoming for cancer survivors
 - Financial exposure related to out-of-network care, which might include care in NCI Cancer Centers
 - This coverage shortcoming might also exist in employer-sponsored insurance

2017: The Year of ACA Repeal and Replace Attempts

- Repeal and Replace of ACA
 - Multiple attempts; all rejected
- Administration efforts to undermine ACA
 - Defunding of enrollment efforts
 - Refusal to make cost-sharing reduction payments to insurers
 - Segmentation of insurance market by authorizing barebones plans, driving up costs for those with pre-existing conditions
 - Encouraging states to experiment in ways that may also undermine markets

2017: The Year of ACA Repeal and Replace Efforts

- Penalty for failure to obtain coverage reduced to \$0
 - Reassurances from Republican Members of Congress at time of action: the pre-existing condition provisions of ACA would be untouched
- DOJ declined to defend ACA in lawsuit filed by Republican AGs
- Week of June 18
 - Release of another repeal and replace package
 - Developed by Heritage Foundation
 - Opportunities for consideration of repeal and replace package in 2018 are limited