LEUKEMIA & LYMPHOMA SOCIETY®

Cancer Patients Face High Healthcare Costs in Medicare

When Confronted with High Out-of-Pocket Costs, Cancer Patients Face Difficult Financial Decisions -- and Forgo Treatment

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EXECUTIVE SUMMARY

As cancer patients continue to face burdensome healthcare costs, policymakers must consider reforms to address the high out-of-pocket (OOP) spending in Medicare. For patients with blood cancer, combination regimens, which include both physician-administered and pharmacy benefit drugs, may be necessary. This exposes patients in traditional Medicare who do not or cannot purchase supplemental insurance to uncapped OOP costs in both Medicare Part D and Part B.[1] An Avalere Health analysis of the OOP costs for two example Medicare beneficiaries with blood cancer shows that patients could spend from $18,000 to over $45,000 per year on Part B and Part D drugs alone (refer to Figure 1). Policymakers must act so that cancer patients do not have to choose between affording their treatment or other necessities and deciding to forgo care altogether.

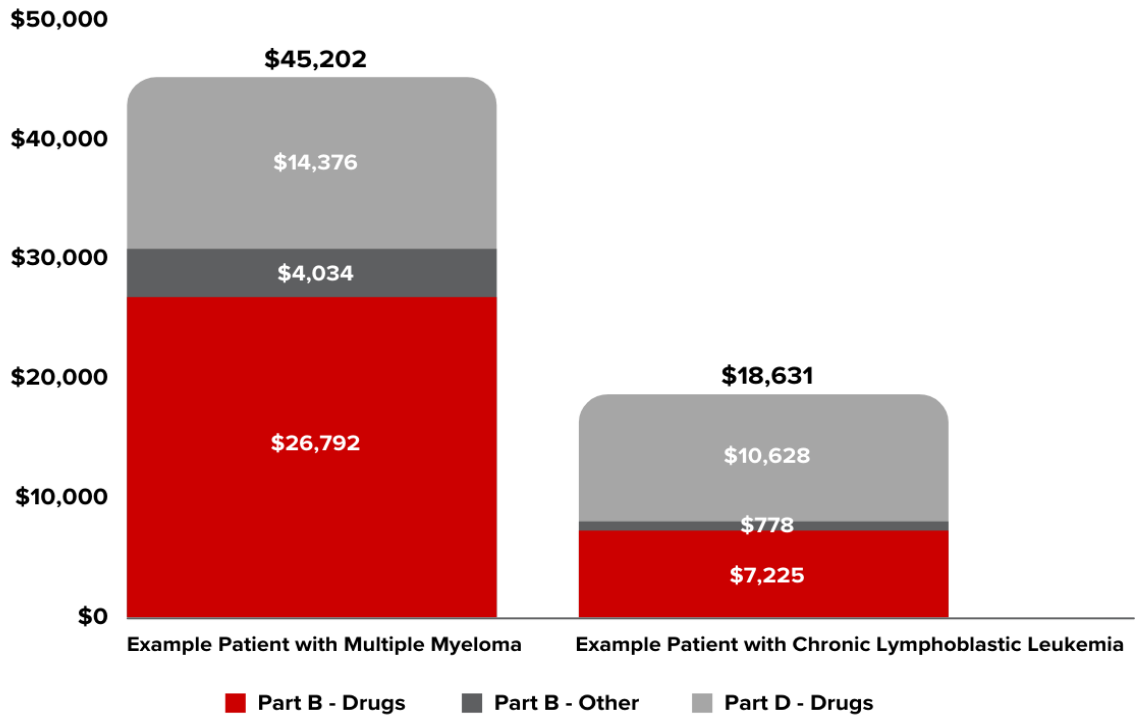


Figure 1. Total Estimated Annual Out-of-Pocket Costs for Example Medicare Beneficiaries with Blood Cancer

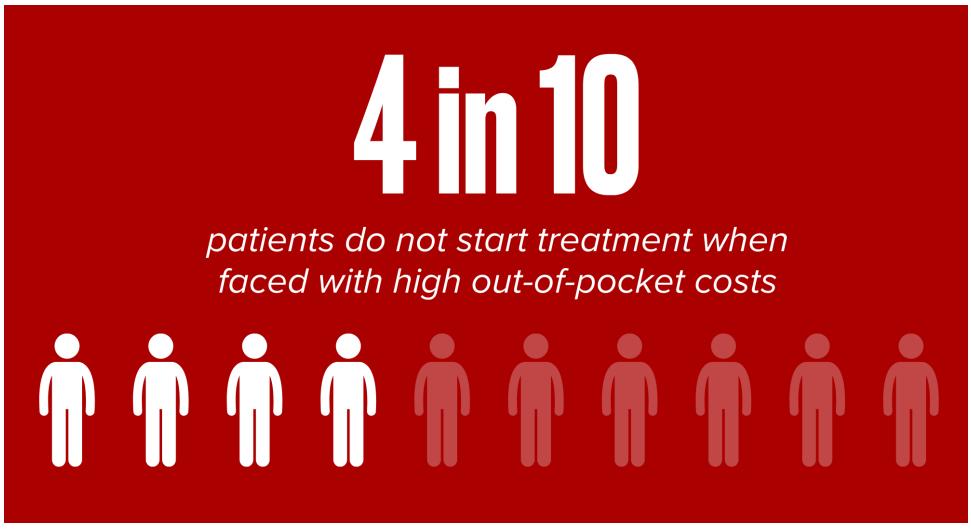
Innovative New Treatments Improving Outcomes for Patients with Cancer, But Increasing OOP Costs and Financial Toxicity May Jeopardize Access to Care

Healthcare costs are rising at an alarming rate, and these costs are becoming unsustainable to absorb, both for the system and for patients. As costs are increasingly shifted to patients, "financial toxicity" can become as much of a threat to patient quality of life as the diseases and conditions that patients are facing medically. This is especially true for patients with complex conditions, like blood cancer, which require a full suite of services, including laboratories, office visits, infusions, and multiple prescription drugs.

The high OOP costs can prevent patients from receiving care and taking necessary medications: research has found that four out of ten cancer patients do not initiate treatment when faced with high out-of-pocket costs.[2] Forgoing doses can have dangerous consequences. Patients who have irregular adherence may face a reduced quality of life or find their cancer progressing quicker as compared to those who are adherent to therapy. Given that over 59 percent of cancer patients are over the age of 65, Medicare-enrolled seniors are facing the strain of cancer's physical and financial burden.[3]

Out of the 40 million beneficiaries enrolled in traditional, fee-for-service (FFS) Medicare, over 14 percent have a cancer diagnosis, often requiring high-cost care.[4,5] These patients are using a combination of drugs (i.e., Part B and Part D drugs), which makes the OOP costs for their drugs alone prohibitively expensive.

Patients without supplemental insurance are responsible for 20 percent of the post-deductible costs for most of the Part B services (including physician-administered drugs). With no annual or monthly cap on OOP costs for protection in Part D or Part B, some patients must spend thousands of dollars to adhere to their treatment regimens.



Profiles of Two Example Blood Cancer Patients That Illustrate the High OOP Costs for Prescription Drugs to Treat Cancer in Medicare

To illustrate the OOP costs that the FFS Medicare beneficiaries without supplemental coverage can face, LLS commissioned Avalere to develop two profiles of patients with blood cancer and assess the potential OOP costs associated with a typical treatment regimen, which would serve as examples. The profiles assume common clinical scenarios based on cancer prevalence rates and patient characteristic risk factors for two newly diagnosed 65-year-old patients—one with multiple myeloma and the other with chronic lymphocytic leukemia (CLL). In addition, both profiles reflect patients receiving multiple drugs to treat their cancer—one that is physician-administered and the other that is picked up at the pharmacy. Approximately 34,920 people are diagnosed with multiple myeloma every year,[6] and 21,250 new cases of CLL are diagnosed each year, mostly affecting older adults.[7]

The analysis shows that annual OOP costs for a year of treatment in the case of the multiple myeloma patient would be $45,202. In the case of the example patient with CLL, annual OOP costs would be $18,631. Refer to the profiles below for detailed cost breakdowns.

Example Patient Profile 1: OOP Costs for a Medicare Beneficiary Receiving Combination Therapy for Multiple Myeloma

Treatment Overview

A 65-year-old receives a diagnosis in January of multiple myeloma and is not eligible for a stem cell transplant. The patient is prescribed a treatment regimen that includes 4 drugs that are administered on a 28-day cycle. Two drugs are administered as intravenous infusions in the physician's office, one targeting the patient's cancer and one supportive care medicine targeting bone-related cancer complications. The patient also takes two oral medications that they receive from a pharmacy, a drug targeting the patient's cancer and a generic steroid.

Estimated OOP Costs By Month

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Part B	Drugs	$5,350	$5,350	$2,678	$2,678	$2,678	$2,678	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$26,792
Part B	Other	$333	$86	$86	$86	$86	$134	$123	$86	$86	$86	$86	$86	$4,034
Part D Drugs		$3,441	$1,559	$938	$938	$938	$938	$938	$938	$938	$938	$938	$938	$14,376
Total		$9,124	$6,995	$3,701	$3,701	$3,701	$2,402	$2,402	$2,365	$2,365	$2,365	$2,365	$2,365	$45,202

Example Patient Profile 2: OOP Costs for a Medicare Beneficiary Receiving Combination Therapy for CLL

Treatment Overview

A 65-year-old receives a diagnosis of CLL in January and begins a treatment plan that includes two cancer drugs administered on a 28-day cycle. One of these medications is a biosimilar that is administered as an intravenous injection in the physician's office and the other is an oral medication that the patient receives from a pharmacy.

Estimated OOP Costs By Month

		Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Part B	Drugs	$0	$3,612	$903	$903	$903	$903	$0	$0	$0	$0	$0	$0	$7,225
Part B	Other	$227	$65	$60	$65	$60	$89	$30	$35	$30	$30	$30	$59	$778
Part D Drugs		$2,957	$697	$697	$697	$697	$697	$697	$697	$697	$697	$697	$697	$10,628
Total		$3,184	$1,660	$1,665	$3,701	$1,660	$1,690	$727	$727	$732	$727	$727	$756	$18,631

In addition to the OOP costs incurred by patients, the government is also responsible for covering a portion of the cost of care for beneficiaries. In the case of the example patient with multiple myeloma, the total annual cost of Part B and Part D services they receive is more than $380,000; in the case of the example patient with CLL, it is over $206,000 (refer to Figure 2).

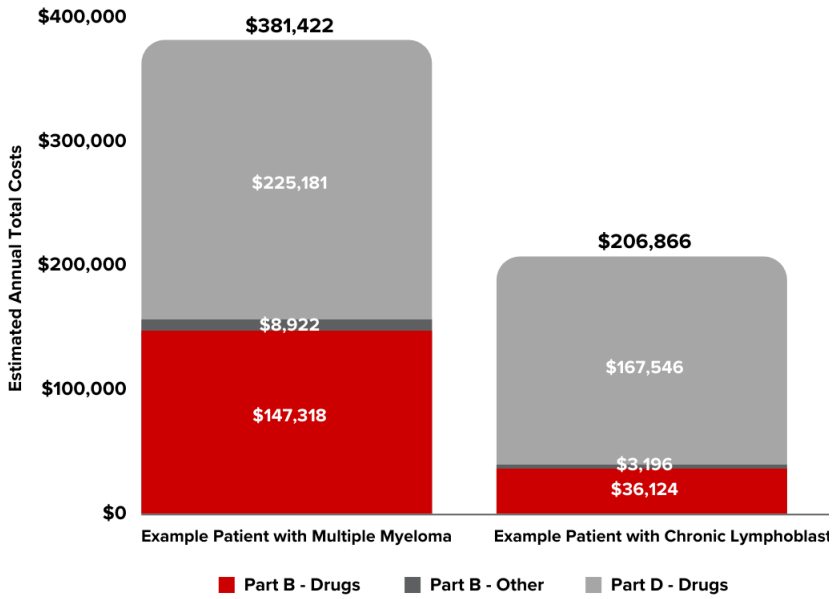


Figure 2. Total Part B and Part D Expenditures (Inclusive of Patient OOP Costs) for Example Medicare Beneficiaries with Blood Cancer

RECOMMENDATIONS: POLICYMAKERS MUST ACT TO REDUCE OOP COSTS FOR PATIENTS IN MEDICARE

Most people above the age of 65 years rely on Medicare for their insurance coverage, which can leave them without OOP protection when facing a blood cancer diagnosis that requires specialty drug treatment. This analysis shows that, without supplemental coverage for Part B costs and no OOP limit in Parts B and D in traditional Medicare, treatment can cost thousands of dollars out-of-pocket for patients with blood cancers every month.[a]

Difficulty accessing medication has life threatening consequences—no patient should be faced with the decision to forgo necessary care due to cost constraints.

For several years, Congress and other policymakers have been considering reforms that could result in lower OOP costs for patients in Medicare. LLS recommends that policymakers advance key policies that would make meaningful differences in the lives of cancer patients:

1 Establish an Annual Part D OOP Limit

Congress should establish an annual cap on OOP expenses in Medicare Part D. Such a cap would provide an important financial protection to Part D beneficiaries and would break down a barrier to treatment for the tens of thousands of seniors who are currently unable to obtain their cancer drugs due to the high cost.[8]

2 Mitigate Large Expenses

In addition to an annual cap, Congress should implement a monthly OOP limit and/or smoothing policy for Part D beneficiaries, especially given that the high OOP costs for cancer medications are often incurred early in the plan year. Even with an annual OOP limit, high OOP expenses can be difficult to pay at one time. With the help of a Part D "smoothing" policy, a beneficiary's costs could be spread out into smaller payments throughout the year, making expenses more predictable for patients and caregivers, which could help them to better plan and manage expenses.

3 Redesign the Part D Benefit

The current Part D benefit design results in high OOP costs for patients and increased taxpayer subsidies. Through restructuring the benefits by incentivizing lower list prices rather than higher rebates, Congress can shift the responsibility to plans, alleviating the financial burden on patients.

4 Expand Access to Supplemental Coverage

Beneficiary access to supplemental coverage in Medicare varies by state, leaving some beneficiaries without the option to enroll in a plan that can help mitigate their OOP costs (e.g., beneficiaries under 65). Increasing patient protections at the federal level can ensure that beneficiaries have equal access to the supplemental coverage in Medicare that best meets their needs, regardless of where they live.

[a] Supplemental coverage through Medigap requires additional monthly premiums. Most Medigap issuers across the country (46 states and DC) are not required to issue plans to Medicare enrollees who have already received a cancer diagnosis.

METHODOLOGY

Avalere clinical subject matter experts guided the development of the patient profiles, doses, frequency selection, and identification of applicable clinical codes. The profiles assume that the treatment begins on January 1, 2021, the regimen lasts a full year, and that the patient has optimal adherence to treatment over the year. In the case of drugs for which dosing is based on a patient's weight or body surface area (BSA), Avalere assumed weight (70kg) and BSA (1.7m2) for an average sized adult. Avalere assumed no comorbidities in the development of these profiles.

Based on this healthcare utilization, Avalere calculated total medical and OOP costs, assuming the patient lived in South Florida, was enrolled in a basic stand-alone Prescription Drug Plan (PDP), and did not have any source of supplemental coverage. Avalere used Medicare payment rates and negotiated prices effective in June 2021, assuming that medical services were provided in the physician office setting.

ABOUT LLS

The Leukemia & Lymphoma Society® (LLS) is a global leader in the fight against cancer. LLS' mission is to cure leukemia lymphoma, Hodgkin's disease and myeloma, and improve the quality of life of patients and their families. LLS funds lifesaving blood cancer research around the world, provides free information and support services, and is the voice for all blood cancer patients seeking access to quality, affordable, coordinated care.

The Leukemia & Lymphoma Society is a 501(c)(3) organization.

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