

# FIGHTING BACK AGAINST CANCER:

## Health Insurance Reform & Cancer in America

### Introduction

Rising health care costs leave a growing number of Americans either uninsured or with insurance that does not provide the coverage they need and deserve – especially the 11 million Americans with cancer.<sup>1</sup> The results of a recent survey estimated that 72 million, or 41 percent, of non-elderly adults have accumulated medical debt or had difficulty paying medical bills in the past year – and 61 percent of those with difficulty had insurance.<sup>2</sup> Any medical event, like the diagnosis of cancer, could place a person at risk of taking on a potentially devastating financial burden, even if they have health insurance.

Cancer affects 11 million Americans nationwide, and it affects people of every age, race, ethnicity, gender, and income level.<sup>3</sup> In this year alone, roughly 1.5 million Americans will be diagnosed with cancer, with almost half of new cases occurring in those under the age of 65.<sup>4</sup> The most common cancers in men and women are prostate, breast, lung, and colorectal cancer.<sup>5</sup> Nearly one out of every two Americans born today will be diagnosed with cancer at some point during their lifetime.<sup>6</sup>

The first concern of someone diagnosed with cancer is generally not the cost of treatment, yet for many it quickly becomes a very important one. Cancer is one of the five most costly medical conditions in the United States, forcing many patients to make decisions about their health based on finances.<sup>7</sup>



Source <sup>6</sup>

Americans diagnosed with cancer, whether insured or not, also face significant and sometimes devastating hurdles to receiving timely, affordable treatment in our health care system. Health insurance reform seeks to eliminate these hurdles to ensure that people with cancer, along with all other Americans, get the quality, affordable health care they deserve.

### Health Insurance Costs And Cancer

**Problem: Cancer patients with insurance are often exposed to high and potentially ruinous out-of-pocket health care costs.**

While some individuals diagnosed with cancer have meaningful and adequate health insurance to cover most of the cost of treatment, the uninsured and an increasing number of privately insured individuals face the prospect of crippling out-of-pocket costs. Unfortunately, financial barriers that delay treatment for a condition as serious as cancer can mean the difference between life and death.

With each passing year, families face increasing deductibles, copayments, and other cost-sharing requirements, compelling them to make difficult decisions in order to make ends meet. Families affected by cancer are particularly aware of these rising costs. One recent survey found that 25 percent of individuals with cancer report using up all or most of their savings as a result of the financial burden of treating cancer. Even among those with insurance, 22 percent report using up all or most of

their savings.<sup>8</sup> In addition, five percent of insured cancer patients report delaying their treatment or deciding not to get care because of cost.<sup>9</sup>

While devastatingly high out-of-pocket costs<sup>10</sup> are experienced in households across the nation, individuals in households with high out-of-pocket costs are three times as likely to have cancer as people in households with lower out-of-pocket costs.<sup>11</sup> Almost a third of cancer patients have health care costs totaling 10 percent or more of their family income and roughly one in nine cancer patients have costs that exceed 20 percent of family income.<sup>12</sup> As a result of such high costs, 11 percent of individuals with cancer report the inability to pay for food/necessities while paying for cancer treatment.<sup>13</sup>

In addition to rising deductibles, copayments, and coinsurance, health insurance plans often contain annual and lifetime benefit caps, particularly in the non-group insurance market.<sup>14</sup> Because cancer treatment is costly and long-term, cancer patients are more likely to hit these benefit caps, leaving them essentially uninsured. In fact, in one recent national survey, ten percent of cancer patients reported that they reached the benefit limit in their insurance policy and were forced to seek alternative insurance coverage or pay the remainder of their treatment out-of-pocket.<sup>15</sup>



Source <sup>12</sup>

### *Michael Treinen, Indiana*

Michael, a teenager, was diagnosed with an aggressive form of leukemia. His treatment required 10 doses of a chemotherapy drug that cost \$10,000 per dose and a 56-day stay in an intensive care unit that cost \$400,000 dollars. Michael reached his family's lifetime maximum in less than a year. The hospital informed the family they needed either \$600,000 in certified insurance or a \$500,000 deposit to move forward with Michael's bone marrow transplant. Despite eventually receiving financial support from the community, Michael died before he could receive the transplant. Today, his family continues to pay for the cost of Michael's treatment.<sup>16</sup>

### **Health Insurance Reform Solution: Make health care affordable for everyone.**

Individuals with cancer are frequently forced to make decisions based on their finances and not on what is best for their health. By making health insurance accessible through a health insurance exchange and providing premium assistance to make it affordable, health insurance reform will reduce the financial burden for people with cancer.

### **Health Insurance Reform Solution: Put caps on out-of-pocket spending and eliminate benefit limits.**

Individuals with cancer are more likely to spend more out-of-pocket and reach benefit limits than individuals without cancer. Health insurance reform will place a cap on what insurance companies can force you to pay in out-of-pocket expenses and deductibles. Health insurance reform will also eliminate yearly and lifetime limits on how much insurance companies cover when you are sick.

## *Health Insurance Choices And Cancer*

### **Problem: A cancer diagnosis limits health insurance choices.**

In 45 states across the U.S., when a person with a health condition such as cancer tries to buy health insurance through the individual insurance market, insurance companies can charge higher premiums, exclude coverage for certain conditions, or even deny coverage altogether because of the pre-existing medical condition.<sup>17</sup> Because of this, cancer patients, even when in remission, are unlikely to find meaningful insurance coverage in the individual insurance market. In fact, a full 11 percent of individuals with cancer said they could not buy health coverage because of their illness.<sup>18</sup>

In addition to the inability to find or afford meaningful coverage, if an individual is diagnosed with an expensive condition like cancer while covered by a non-group market plan, some insurance companies will review his/her initial health status questionnaire for errors. In most states' individual insurance markets, insurance companies can retroactively cancel the entire policy if any condition was missed – even if the medical condition is unrelated, or if the person was not aware of the condition at the time.<sup>19</sup>

#### *Robin Beaton, Texas*

Robin Beaton was diagnosed with an aggressive form of breast cancer and was pre-certified for a double mastectomy and hospital stay by her insurance company when immediate surgery was required. Three days before the operation, Robin's insurance company called to say she was not authorized to have the surgery. The company reviewed her medical records and found that she visited a dermatologist for acne in 2008 and interpreted a word written on her chart to mean precancerous. Despite adamant reassurance from Beaton's dermatologist that it was simply acne, the insurance carrier decided to rescind her coverage, delaying treatment for her aggressive cancer and causing great financial hardship.<sup>20</sup>

### **Health Insurance Reform Solution: Eliminate discrimination for pre-existing conditions and health status.**

Health insurance companies often use the presence of chronic conditions like cancer to charge higher premiums and deny coverage. Health insurance reform will prevent any insurance company from denying coverage based on your underlying health status, including genetic information. It will end insurance discrimination that charges you more if you have or have had any illness and it will prevent insurance companies from dropping or watering down your coverage if you get sick.

## *Health Insurance Stability And Cancer*

### **Problem: Cancer can jeopardize coverage through work.**

The employer-sponsored insurance market is an increasingly unstable source of coverage for Americans, as fewer and fewer employers offer coverage. Between 2000 and 2009, the percentage of firms offering health insurance coverage to their employees declined from 69 to 60; for firms employing less than 10 workers, the decline was even greater – from 57 to 46 percent.<sup>21</sup> A full one in six Americans with employer-sponsored insurance in 2006 lost that coverage by 2008.<sup>22</sup> This reality is particularly concerning for families affected by cancer.

Cancer is a physically and emotionally taxing disease for both the individual with cancer and his or her family. The strain the disease places on families often precipitates the inability to work. Almost 20 percent of families experiencing cancer reported that the cancer caused someone in the



Source <sup>23</sup>

household to lose a job, change jobs, or work fewer hours.<sup>23</sup> Any of these job changes could mean a loss of employer-sponsored insurance.

When employer-sponsored insurance is lost, limited protections exist to ensure families are guaranteed continued coverage. Through COBRA coverage, cancer patients can usually continue their employer-sponsored insurance coverage for an average of 18 months by paying the full premiums themselves (with no employer contribution). Through the Health Insurance Portability and Accountability Act (HIPAA), cancer patients who previously had employer-based coverage can be protected in finding new employer-based and sometimes individual coverage, but this is subject to several conditions, including at least 18 months of prior uninterrupted group coverage.

The hassle, cost, and uncertainty of maintaining insurance coverage can be devastating for people already dealing with a life-changing illness. Overall, the costs are significantly higher and the coverage less protective without employer-sponsored insurance. Twelve percent of cancer patients reported staying in a job longer than they otherwise would in order to maintain insurance coverage.<sup>24</sup>

Finally, the ability to continue meaningful coverage becomes even more limited if the employee loses insurance coverage because the business no longer offers insurance or goes out of business – a real concern as employer coverage declines and high unemployment persists.

### *David Young, North Carolina*

David Young, 53, has been unable to work since his diagnosis of kidney cancer and no longer receives insurance coverage through his employer. David used his savings, borrowed from friends, and cashed in his 401K, but still struggles to pay for continuing COBRA coverage on a monthly income of \$1,447. David has exhausted his savings and now must take on ever-increasing debt in order to continue coverage.<sup>25</sup>

### **Health Insurance Reform Solution: Greater and more affordable choices.**

Many individuals with cancer lack or lose employer-sponsored coverage. Health insurance reform will create a health insurance exchange so you can compare prices and health plans and decide which quality affordable option is right for you and your family. Health insurance reform will guarantee that you will always have choices of quality, affordable health insurance if you lose your job, switch jobs, move, or get sick.

### **Health Insurance Quality And Cancer**

#### **Problem: Cancer prevention and early treatment are under-emphasized.**

Receiving regular recommended screenings for breast, cervical, and colorectal cancers increases the chance the disease will be identified in its early stages. Not only does catching cancer early significantly increase a patient's chances for survival, it also significantly decreases the projected costs of treatment.

However, measures that can go a long way to help make sure cancer is caught early, like preventative screenings, are not used often enough. Twenty-four percent of women aged 40 and above, and

21 percent of women aged 50 and above, have not received a mammogram in the past two years. Additionally, a full 38 percent of men and women aged 50 and over have never received a colonoscopy or sigmoidoscopy.<sup>26</sup>

Diagnosing cancer early through screening can save lives. If 90 percent of adults aged 50 and over received recommended screening for colorectal cancer, 14,000 additional lives would be saved each year. If 90 percent of women 40 and older received breast cancer screening, 3,700 lives would be saved annually.<sup>27</sup>

### *Thomas Olszewski, Texas*

Thomas is a prostate cancer survivor who is no longer eligible for COBRA and pays roughly 25 percent of his income for a health insurance plan that has a \$3,750 annual deductible and does not otherwise cover preventive services. Thomas's doctors have advised him to get annual screening tests to detect any recurrence of his cancer. Because each test costs \$250, Thomas has decided to only receive the test every other year, placing him at greater risk for an advanced form of the cancer if it does recur.<sup>28</sup>



Source <sup>27</sup>

### **Health Insurance Reform Solution: Preventive care for better health.**

If adults received their recommended cancer screenings, not only would the projected cost of treatment be reduced by catching the cancer early, but thousands of lives would be saved. Health insurance reform will ensure that all Americans have access to free preventive services through their health plans. Additionally, reform will invest in a prevention and public health fund to create a system that prevents illness and disease instead of just treating it when it's too late.

### **Health Insurance Reform Solution: Promote high quality care.**

Health insurance reform will develop national priorities on quality, standardize quality measurement and reporting, invest in patient safety, and reward providers for high-quality care. As a result, people with cancer will have better information to support their health care choices.

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*Data Analysis provided by the Center for Financing, Access and Cost Trends, Agency for Healthcare Research and Quality*

*Report Production by the HHS Web Communications and New Media Division.*

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