



Cancer Now Top Driver of Employer Health Care Costs, Survey Shows

Delayed care during pandemic may have led to more late-stage cancers

By Stephen Miller, CEBS

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Health care costs for large employers spiked sharply in 2021 after remaining flat in 2020 due to nonemergency care being delayed during the COVID-19 pandemic, a new survey shows.

In addition, cancer has overtaken musculoskeletal conditions as the top driver of large companies' health care costs, according to the nonprofit Business Group on Health's (BGH's) *2023 Large Employers' Health Care Strategy and Plan Design Survey* (<https://www.businessgrouphealth.org/en/resources/2023-large-employers-health-care-strategy-survey-intro>) report, released on Aug. 23. A total of 135 large employers across varied sectors, that together cover more than 18 million people in the U.S., completed the survey between May 31, 2022, and July 13, 2022.

Cancer Surge Feared

The top three conditions fueling health care costs remained the same this year as in 2021: cardiovascular disease, cancer and musculoskeletal conditions. However, likely due to pandemic-related delays in care, 13 percent of employers said they have seen more late-stage cancers and another 44 percent anticipate seeing such an increase in the future.

"We are beginning to see the deaths that result from delay and deferment of treatment (<https://uk.news.yahoo.com/silent-crisis-soaring-excess-deaths-203000290.html>) for other conditions, like cancer and heart disease," Robert Dingwall, who teaches medical sociology at Nottingham Trent University in the U.K., told London's *Telegraph*. "If cancer is not treated promptly, patients don't die immediately but do die in greater numbers more quickly than would otherwise be the case."

Respondents to BGH's survey said they were implementing several strategies to address cancer costs in particular, such as:

- **Covering treatment at in-network rates** when received at facilities determined to be high-quality, cost-competitive "centers of excellence" specializing in cancer care.
- **Covering genomic testing** (<https://www.webmd.com/cancer/what-is-genomic-testing>) for cancer treatments.
- **Covering multicancer early detection blood tests** (www.shrm.org/ResourcesAndTools/hr-topics/benefits/pages/health-plans-face-issues-over-preventive-screenings-coverage.aspx#multicancer-screening) that can identify potentially lethal cancers at earlier stages.

Health Care Costs Projections

The survey also looked at health care cost increase trends over recent years and asked respondents about expected cost increases going forward.

Large Employers Median Projected Health Care Cost Increases

Respondents were asked what level of health care cost trend (including pharmacy costs) they are anticipating in 2022 and 2023.

2022

Before plan design changes	6.0%
After plan design changes	5.0%

2023

Before plan design changes	6.5%
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Feedback

Large Employers' Health Care Cost Trend: 2017-2023 (Actual and Projected)

Health care costs increased significantly in 2021 as care resumed after being deferred due to the COVID-19 pandemic.

	Actual	Projected
2017	4.3%	
2018	3.6%	
2019	4.9%	
2020	0.0%	
2021	8.2%	
2022	5.0%	
2023	6.0%	

Source: 2023 Large Employer Health Care Strategy and Plan Design Survey, Business Group on Health, 2022.

Despite rising prices, employers expect to cover 82 percent of the cost of employee coverage in 2022, up from 80 percent the year before (employer support for family coverage remains at 80 percent of premiums).

Employers have been reluctant to shift costs to employees in the short term and are looking at fundamental reforms to care delivery systems, such as advanced primary care and centers of excellence for specific health conditions, to address health care expenses and prescription drug costs.

Employers "are deeply concerned about unsustainable health care costs, the devastating effects of the pandemic on employee health, and the need to work creatively with their partners toward a more positive and sustainable health care experience, among other issues," said Ellen Kelsay, president and CEO of Business Group on Health.

Large Employers' Health Care Priorities for 2023

The top initiatives respondents are planning to implement for the first time or expand next year are:

More virtual health opportunities (e.g., mental health, physical therapy, digital coaching, condition management)

54%

Expand access to mental health services

47%

Initiatives to reduce health inequities within health plans

24%

Expand centers of excellence to include additional conditions (e.g., cancer, infertility)

22%

More focused strategy on high-cost claims

22%

Adopt high-performance networks

22%

Tactics to Manage Specialty Drug Spending

Pharmacy costs are 21 percent of overall health care spending, and specialty medications account for 56 percent of all pharmacy spending, survey respondents said.

Large employers overwhelmingly (99 percent) said they were concerned about prescription drug cost increases. Last year, prescription drugs accounted for a median of 21 percent of employers' health care costs, with more than half of pharmacy spend going to specialty medications.

Employers have opportunities to bring down costs through pharmacy program tactics, including biosimilar coverage, site-of-care and case management, among others.

Requiring patients to receive prior authorization from their health plan for coverage of high-cost specialty medications, under both pharmacy and medical benefit plans, continues to be the most common way employers manage the cost of specialty medications, the BGH survey showed.

The tactics most often used to control specialty drug spending were:

- **Prior authorization** for specialty medications.
- **Site-of-care management**, ensuring drugs are administered/dispensed at appropriate settings, such as doctor's offices or clinics rather than hospitals, where the costs are typically much higher.
- **High-touch case management** (e.g., medication management, medication coaching program).

CancerCare, a national organization providing free support services and information to help people manage cancer, recently cautioned that some cost-cutting measures for prescription drugs can backfire and cause treatment delays, higher out-of-pocket costs and nonadherence to medication, especially for individuals with serious and chronic health conditions.

"Utilization-management tactics such as step therapy, prescription drug formulary tiers, prior authorization and specialty pharmacy preferred drug lists may seem like attractive elements of a health plan, [but] these techniques can negatively impact outcomes for sick employees by causing delays to care, higher out-of-pocket costs [and] limited choices and can lead to higher medical benefit costs," according to a

statement by the group.

"The biggest challenge employers face is designing high-quality and cost-effective health plans that don't create roadblocks to needed care," said Patricia Goldsmith, CancerCare's chief executive officer. "No employer wants to place a burden on employees that can lead to worse outcomes, debilitating suffering, higher medical expenses, increased financial pressures, lower productivity at work and increased absences."

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Inflation Reduction Act's Health Care Provisions Could Affect Employers (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/inflation-reduction-act-health-care-provisions-could-affect-employers.aspx), *SHRM Online*, August 2022

Medical Plan Costs Expected to See Bigger Rise in 2023 (www.shrm.org/ResourcesAndTools/hr-topics/benefits/Pages/health-plan-costs-expected-to-rise-in-2023.aspx), *SHRM Online*, August 2022

Cancer Cases on the Rise: Here's What Employers Should Know (www.shrm.org/resourcesandtools/hr-topics/behavioral-competencies/global-and-cultural-effectiveness/pages/cancer-cases-on-the-rise-here's-what-employers-should-know.aspx), *SHRM Online*, July 2022

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