

## **The Costliest Claims for Catastrophic Conditions and the Drugs Used to Treat Them**

A new report by Sun Life Insurance Co. highlights the top high-cost claim conditions that plague the U.S. health care system and account for more than half of all catastrophic or unpredictable claims costs.

The top 10 costliest claim conditions comprised over half (51.8%) of the \$3 billion that Sun Life reimbursed to stop-loss policyholders from 2014 to 2017.

Stop-loss insurance (also known as excess insurance) is a product that provides protection against high-cost claims. It is purchased by employers that self-fund their own health plans, but do not want to assume 100% of the liability for losses arising from the plans.

The "2018 Stop-Loss Research Report," which Sun Life has been publishing annually for the past six years, provides a glimpse into the kinds of claims that can have an outsized effect on both insured and self-insured employers' health plans, and can drive overall expenditures.

Here are some of the other main highlights from the study:

- Cancer treatment costs comprised 27% of all stop-loss claim reimbursements between 2014 and 2017.
- The number of health plan enrollees that had claims costing more than \$1 million increased by 87% during the four-year study period. In 2017, this group comprised 2.1% of claims, but accounted for 20% of all stop-loss claims reimbursements.
- The aggregate costs of injectable drugs that were part of claims that cost more than \$1 million grew 80% from 2014 to 2017.

The most expensive catastrophic claims and the amounts Sun Life paid out in the aggregate between 2014 and 2017 are as follows:

- Malignant neoplasm (cancer) - Total paid out: \$564 million (portion of total catastrophic claims: 19%)
- Leukemia, lymphoma, and/or multiple myeloma (cancers) - \$235 million (8%)
- Chronic/end-stage renal disease (kidneys) - \$153 million (5%)
- Congenital anomalies (conditions present at birth) - \$115 million (4%)
- Transplant - \$103 million (3.5%)
- Septicemia (infection) - \$88.5 million (3%)
- Complications of surgical and medical care - \$78 million (2.5%)
- Disorders relating to short gestation and low birthweight (premature birth) - \$74 million (2.5%)
- Liveborn (short gestation/low birth rate, and congenital anomalies) - \$69 million (2%)
- Hemophilia/bleeding disorder - \$68 million (2%)

## **Injectable drug costs**

Injectable drugs (which include those delivered by IV or that are self-administered injectable medications) accounted for 8.5% of the total paid out for high-cost claims.

But that's just the average for the four-year period. Injectable drugs are accounting for a greater share of overall catastrophic claims costs, reaching 9.3% in 2017.

In 2017 alone, 418 drugs contributed to the total \$186.3 million that was spent on injectable medications for high-cost claims. But, 62% (or \$114.7 million) of the cost was attributed to the top 20. The top five medications accounted for nearly 30%.

Please note that the injectable drugs on the high-cost list are there for different reasons. Some are on the list because of the frequency (how often they are used and how many patients are given the drugs) that they are administered, and others are there because their cost is extremely high.

As an example, the report points to the two top injectable treatments - cancer drugs Yervoy and Neulasta.

Neulasta (used to reduce the chance of infection in patients undergoing chemotherapy) was administered to 354 patients and cost on average \$33,800 per dose.

On the other hand, Yervoy, used to treat melanoma that has spread or cannot be removed by surgery, was administered to just 43 patients, but the cost per dose was \$323,000.

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