



Benfield

ARTHUR J. GALLAGHER & CO.

# Employer Oncology Management & Benefit Design

*SUMMARY OF KEY FINDINGS* | SEPTEMBER 2017

# Key Research Findings

*This is a summary of our research on Employer Oncology Management & Benefit Design focused on new and innovative solutions.*

*As a large employer or employer health coalition looking to improve value in cancer care, we hope you find this report insightful. Don't hesitate to contact us with your questions and comments.*

*Thank You,*

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# Methodology & Panel Overview

## Employer Interviews

### 28 Total Interviews

3.1 Million Covered Lives Represented

#### Respondent Organizational Position:



VP of Benefits | 32%

Benefits Director | 25%

Benefits Manager | 25%

Medical Director | 18%

#### Average Employer Size:

100,000 U.S. Employees

### 7 Additional Healthcare

#### Stakeholder Interviews:

2 Provider Organizations, Health Plan, PBM, Benefits Advisor, Rx Purchasing Coalition, National Guideline Organization

## Employer Surveys

### 80 Total Interviews

4.6 Million Covered Lives Represented

#### Respondent Organizational Position:



Benefits Director | 36%

Benefits Manager | 24%

VP of Benefits | 23%

Medical Director | 10%

Benefits Analyst | 7%

#### Average Employer Size:

57,000 U.S. Employees



# CANCER AS A WORKFORCE ISSUE

Although cancer has been an employer concern for a number of years, growth in importance is expected as treatment options and costs increase

### Importance of Managing Cancer: 2 Years Ago vs. Now

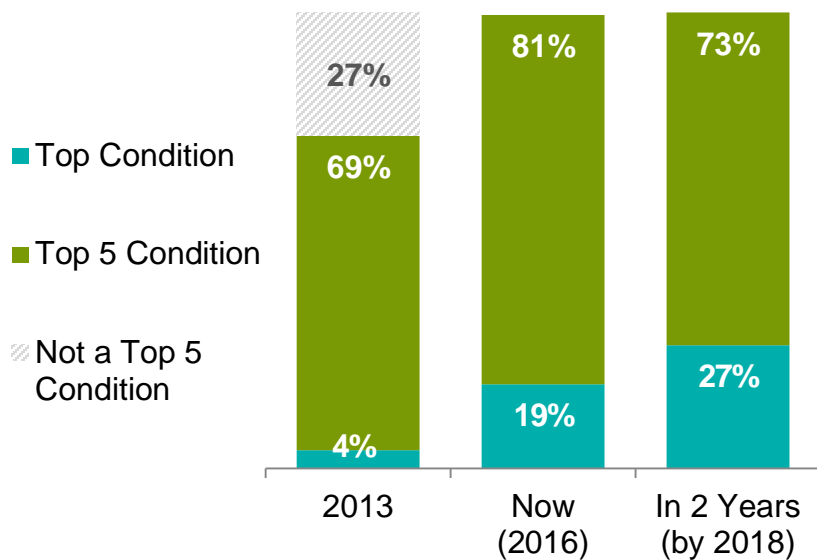
#### Consistently of high concern

- No dramatic change in importance of cancer

#### Employers observe strong improvements in:

- Detection
- Ability to guide patients to high quality, evidence-based care
- Treatment (but also far more expensive)
- Outcomes

### Trends in Importance of Managing Cancer to Employers

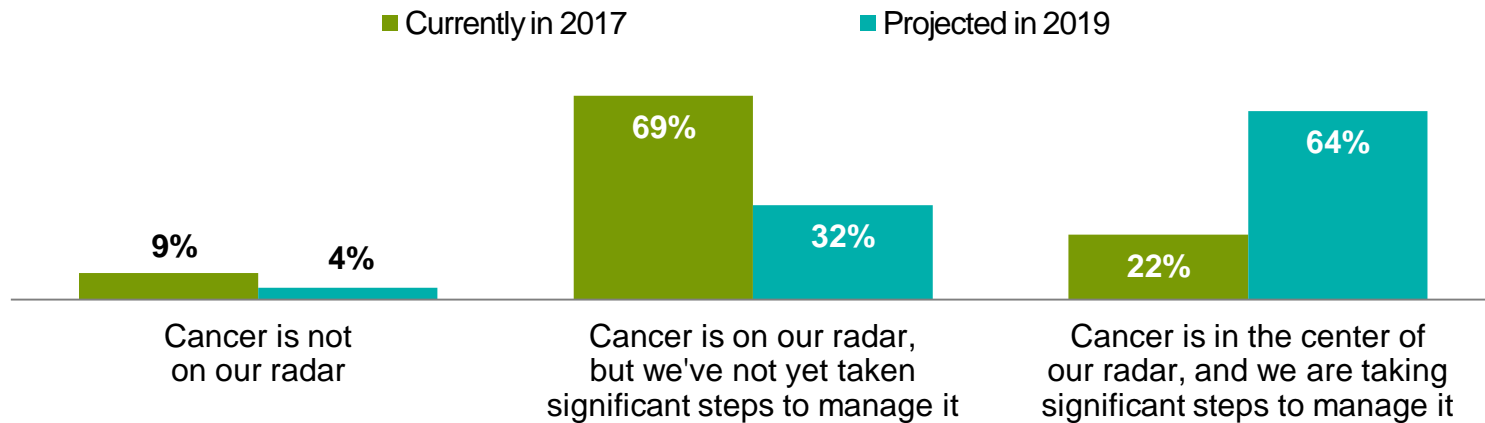


2013 n=106; Now (2016) n=27; In 2 Years (by 2018) n=26

*“Cancer is not one disease, it’s many different diseases and as treatment becomes more advanced and more personalized, we expect it will get more complex and expensive.” –Employer*

# Currently just 22% of employers indicate that they are taking significant steps to manage cancer, but 64% expect to do so in two years

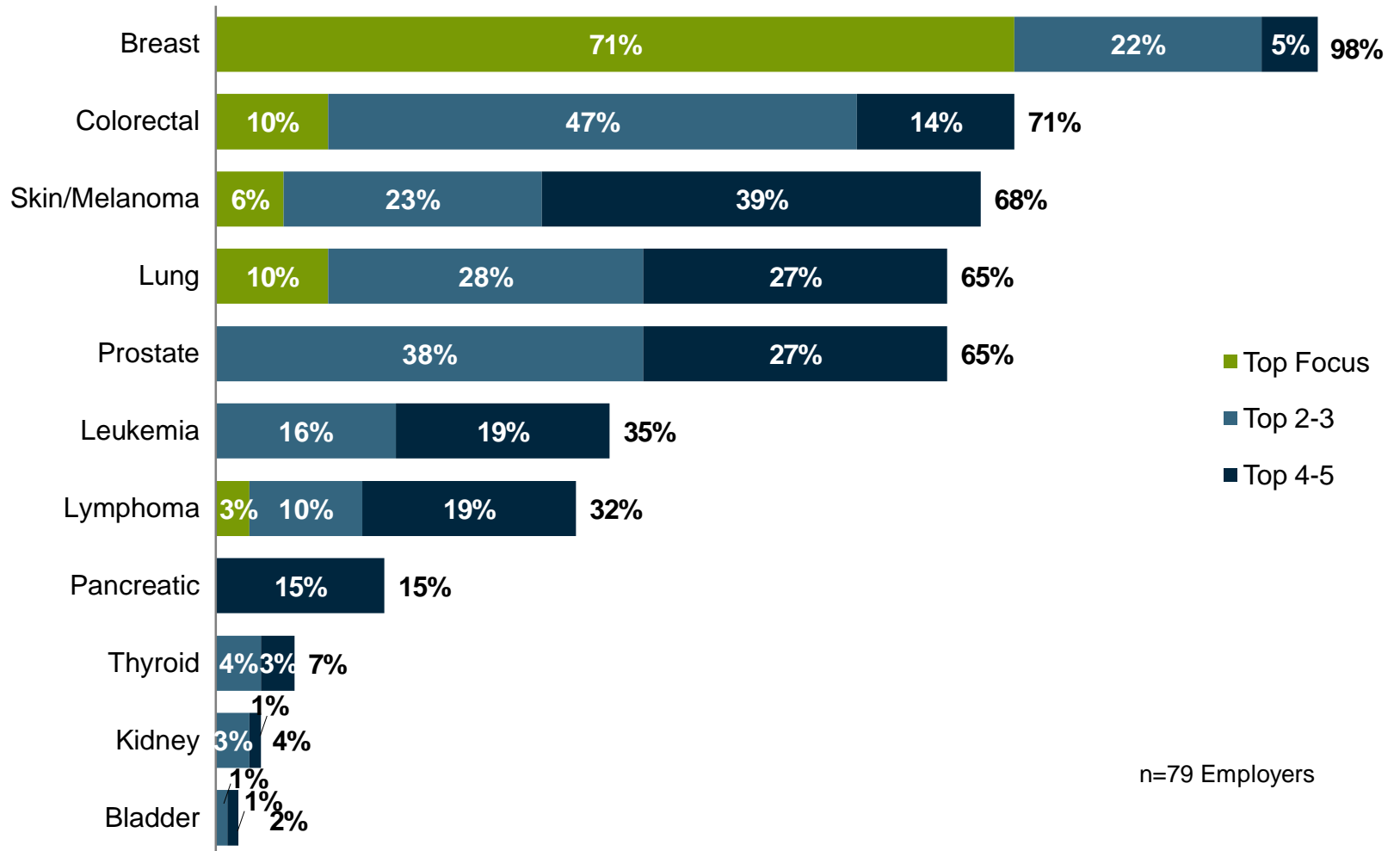
## Employer Focus on Cancer



n=80 Employers

# Employers are overwhelmingly focused on breast cancer

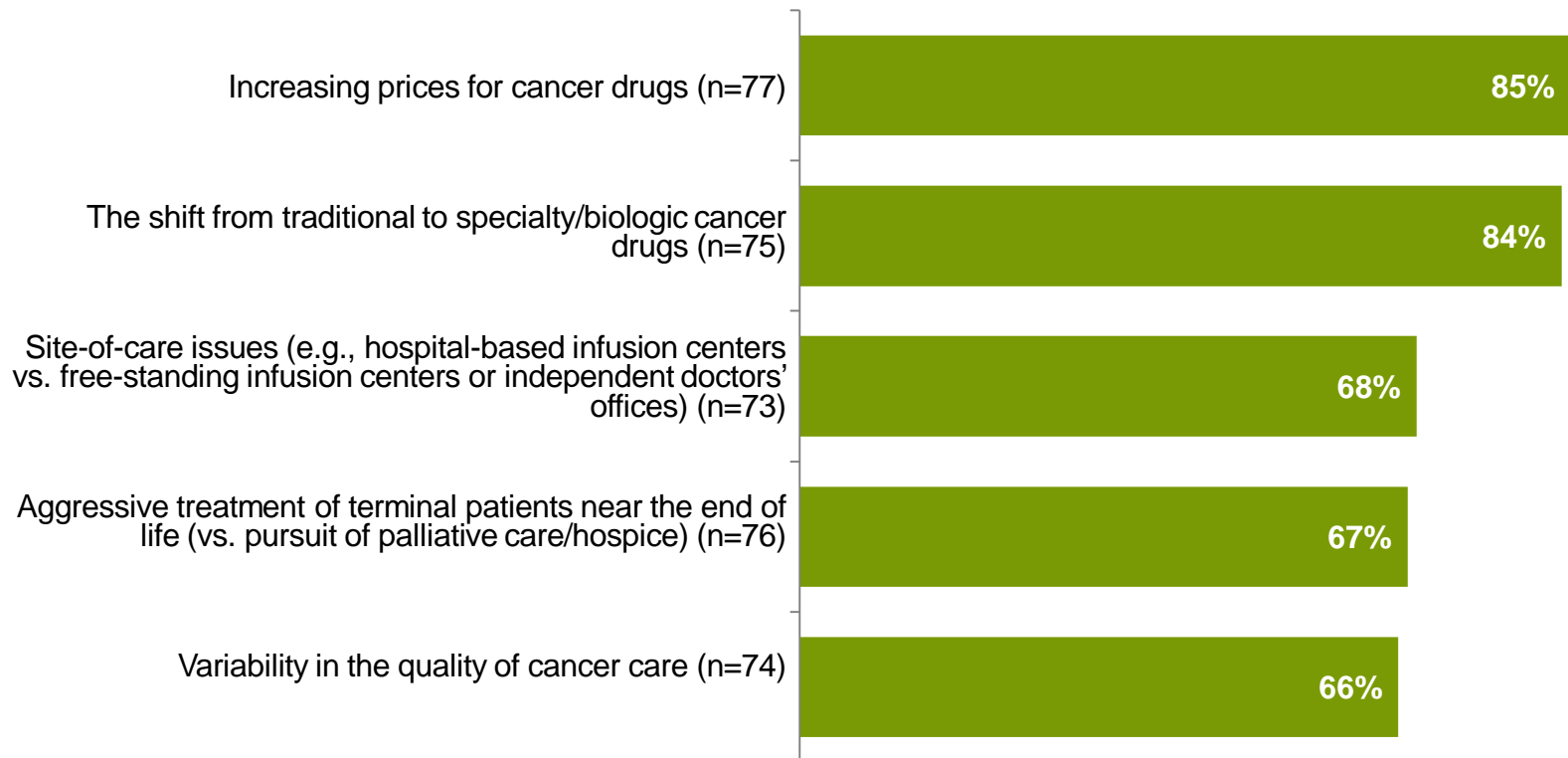
## Top Cancer Types of Employer Focus





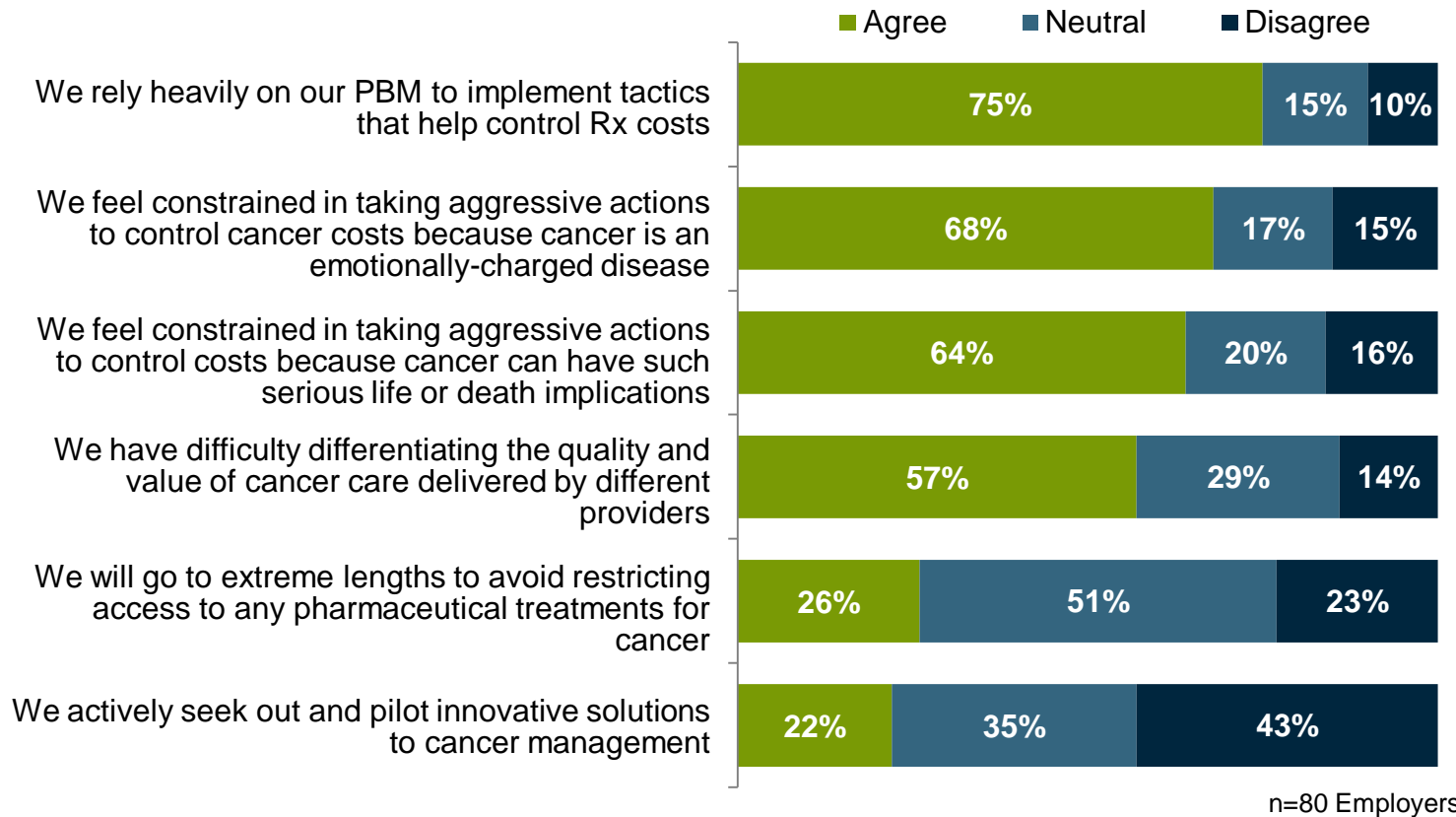
# Increasing prices for cancer drugs and the shift from traditional to specialty cancer drugs are viewed by employers as having the greatest impact on cancer costs

**Top 5 Factors Driving Increasing Costs of Cancer Care**  
*(percentage indicating high impact)*



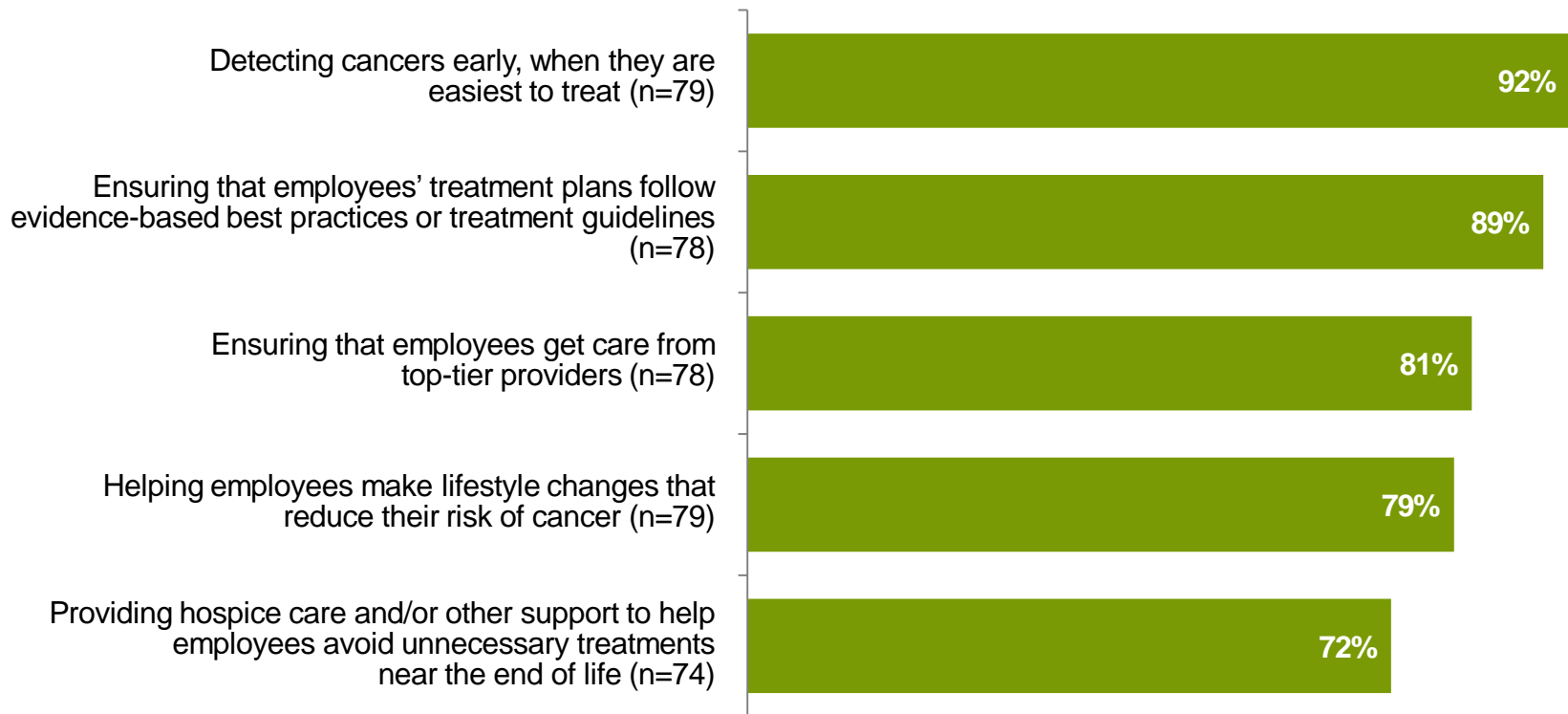
On one hand, most employers rely heavily on their PBMs to implement tactics to control Rx costs; on the other hand, most employers are hesitant about restricting access to treatments

### Employer Perspectives on Managing Cancer



Most employers believe early detection is key to managing cancer costs; over 80% point to quality improvements via evidence-based treatment and use of top-tier providers to achieve this goal

**Top 5 Opportunities for Controlling or Reducing Costs of Cancer Care**  
*(percentage indicating high importance)*



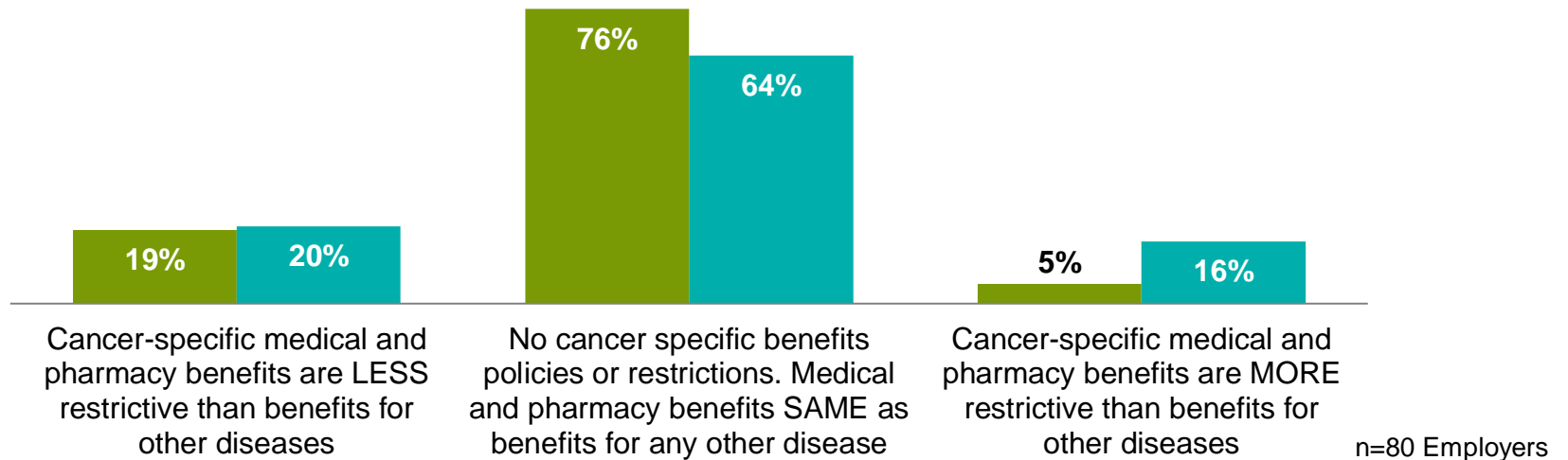


# ONCOLOGY BENEFIT DESIGN

# Employer expectations show a notable shift toward more restrictive cancer policies by 2019

## Employer Treatment of Cancer-Specific Medical and Pharmacy Benefits

■ Currently in 2017 ■ Projected in 2019

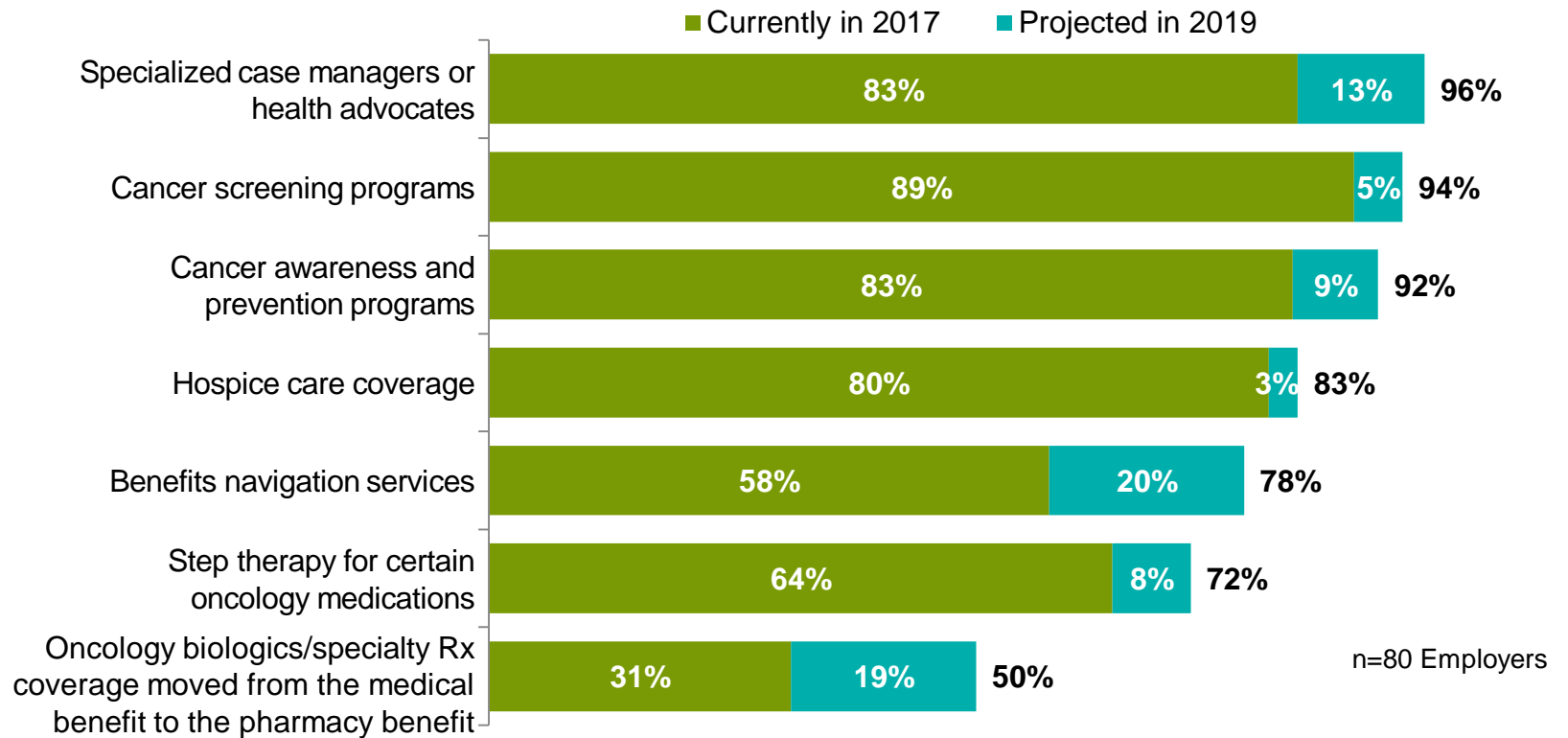


### » Examples of benefit design unique to cancer:

- Variable support services & Centers of Excellence designation
- Amplified PAs & dosing limits on oncology Rx
- Clinical trial coverage for rare cancers
- Coverage of genomic testing for certain cancers

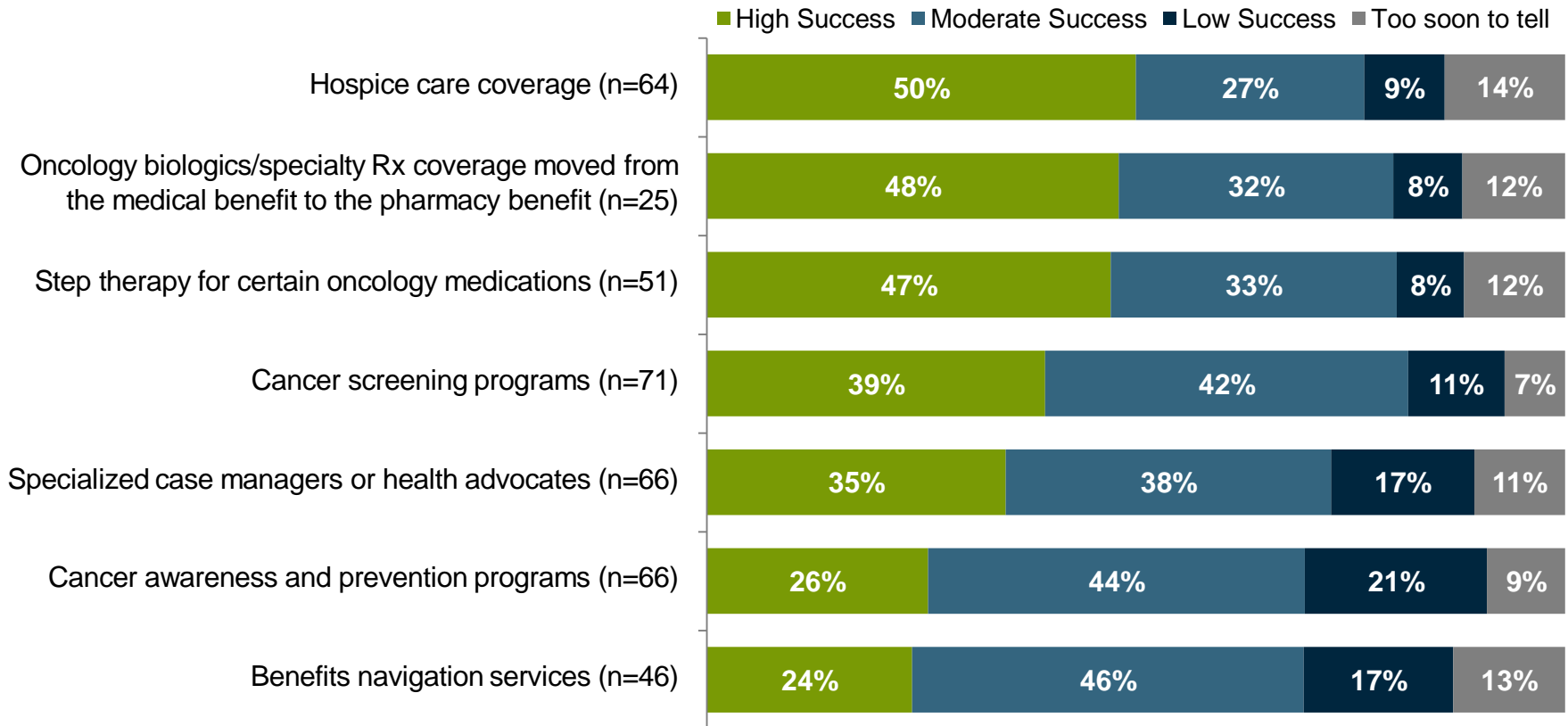
# Employers currently deploy a variety of benefit design and program features to manage cancer, especially screenings, case management and employee education

## Cancer Management Benefit Design & Programs (offered directly or via health plan)



# There is room for improvement as no more than half of employers view any of their cancer management solutions to be highly successful

## Success of Cancer Management Benefit Design & Programs (among employers offering)



# Medications through Medical Benefit vs. Pharmacy Benefit

- » **75%+** can/do distinguish medical and pharmacy benefit costs
  - Primarily via data warehouse or health plan
  - “Not easy to do”
- » Few have efforts underway to move all medical Rx to pharmacy benefit
  - Cost savings not there
  - Administrative complexity
  - Fear treatment disruption, interference with provider-patient care decisions
  - Would require re-negotiating provider contracts; oncologists very reluctant to lose profit margin

*“There is the challenge of keeping providers happy. If you move chemo to specialty pharma benefits, you have to deal with the fact that 50% of their compensation is from chemo.” –Health Plan*



# Perspectives on site-of-care issues & dynamics: Half of interviewed employers have taken action or would like to do so

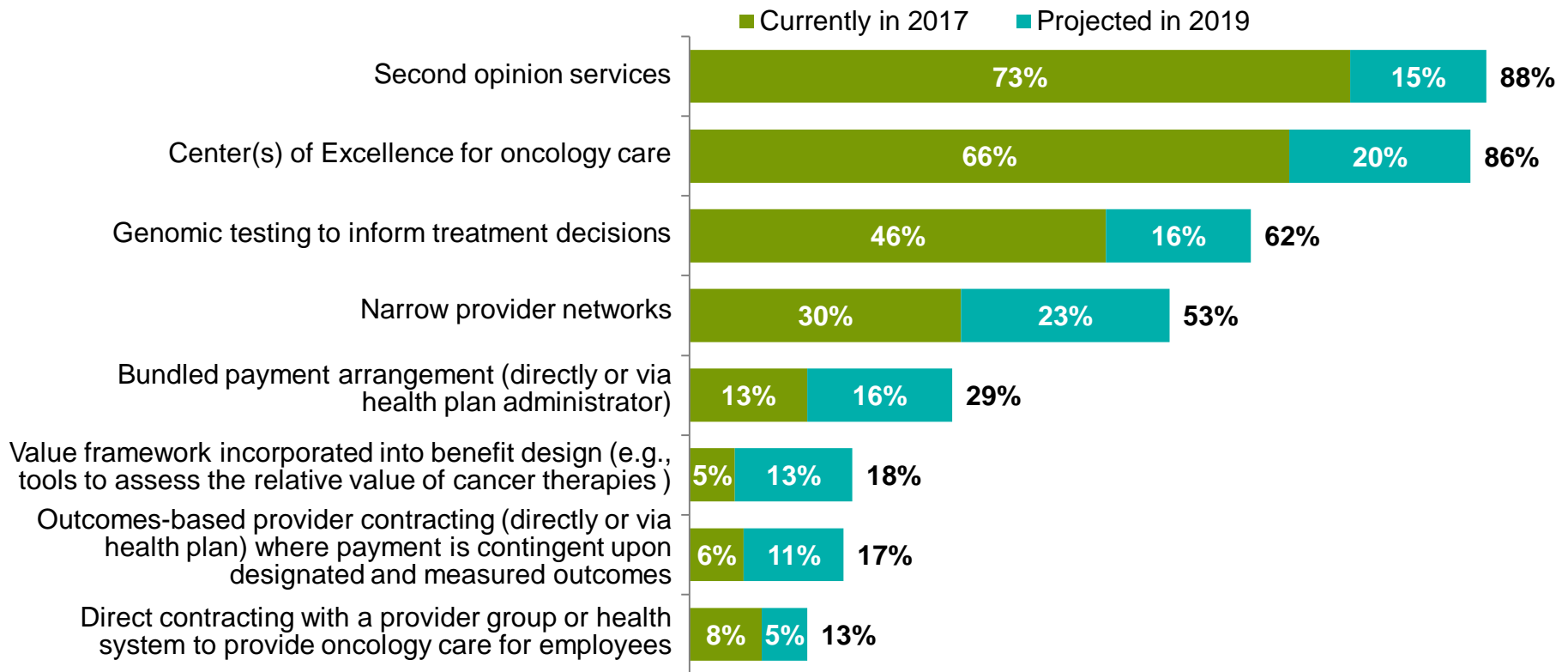




# VALUE-DRIVEN APPROACHES TO ONCOLOGY MANAGEMENT

# Employers look to value-based approaches to influence which healthcare providers their employees select or the treatment plans and therapies the providers recommend

## Value-Based Approaches to Cancer Management



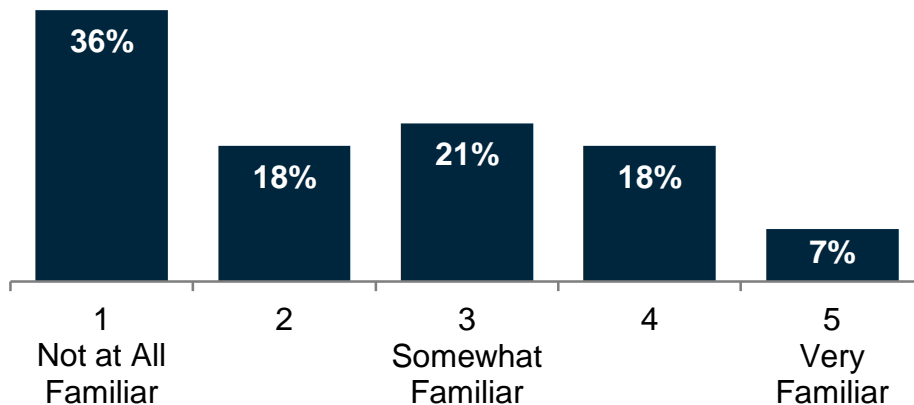
n=80 Employers

# Employers have limited familiarity with value frameworks

A *value framework* is a tool to assess the relative value of cancer therapies. Examples include ICER (Institute for Clinical and Economic Review), Sloan Kettering Cancer Center's Drug Abacus and the American Society of Clinical Oncologists framework.

So far, the **value frameworks are in the early stage of adoption**. Provider organizations may use them in developing their own clinical pathways. Some health plans that want to promote provider compliance with these value frameworks are offering them PMPM payments based on compliance. Employers have limited awareness, and those that are familiar question the methodology and transparency of methodology for the frameworks.

## Familiarity with Value Frameworks Focused on Treatment Quality and Cost



## Barriers to use of value frameworks:

- » Provider buy-in
- » Difficulty for providers to align with multiple frameworks
- » Clarity of methodology—must be unbiased
- » Limited employer bandwidth to implement benefit designs that support framework

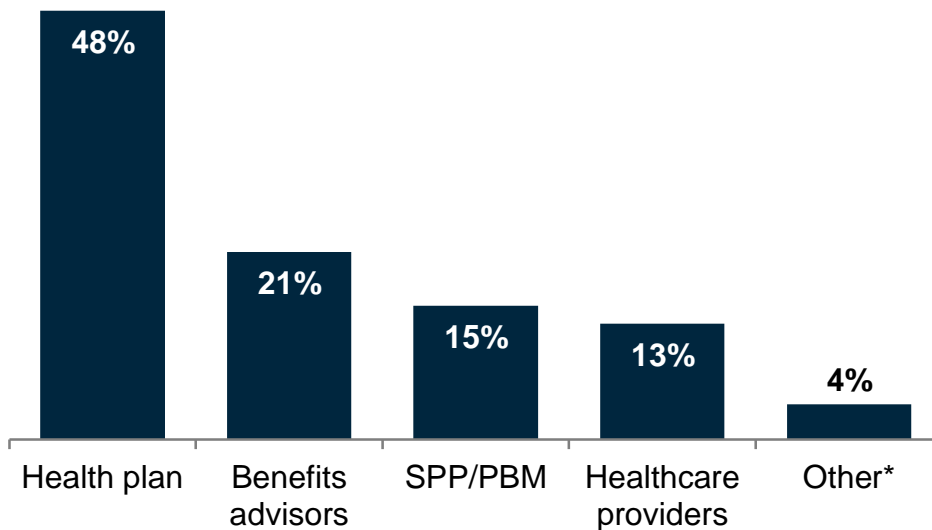
n=28 Employers



# VENDOR SUPPORT FOR EMPLOYER ONCOLOGY MANAGEMENT

# Employers most often cite their health plan as having the strongest influence on cancer management and benefit design

**Most Influential Stakeholder in Employer’s Cancer Management and Benefit Design Decisions**



\*Other includes: Health systems management  
n=24 Employers

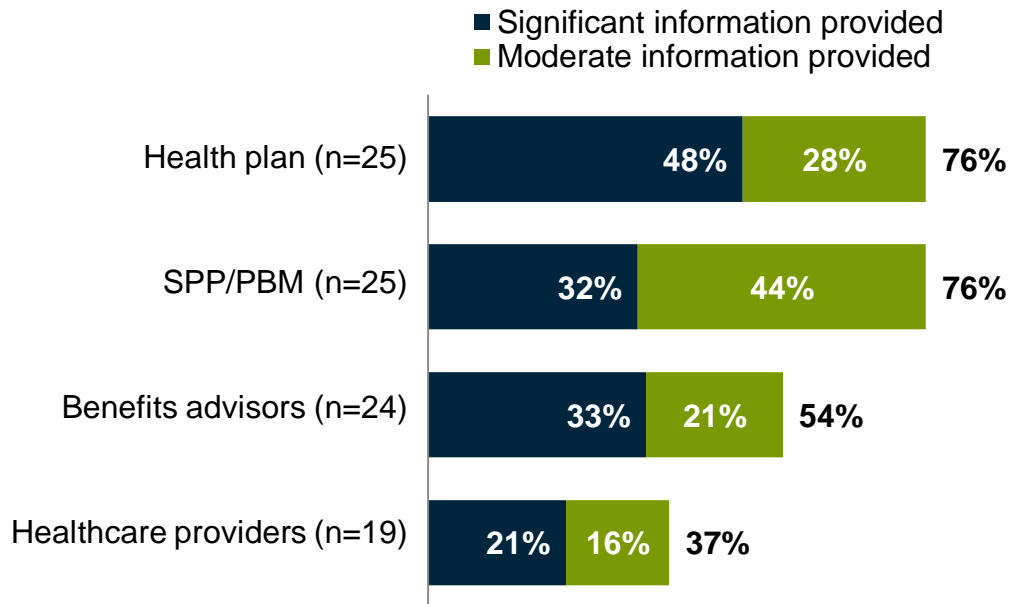
*“We would weigh the medical carriers and PBM's clinical opinions the highest, but with some reservation about trying to tack on additional products/services they offer for additional fees.” –Employer*

*“Our advisors come in once a quarter and tell us what is most cutting edge in the field, including oncology.” –Employer*

*“Providers occasionally come on site to do lunch and learns and seminars for staff.” –Employer*

# Employers rely on their health plan and SPP/PBM for oncology insights, but also look to NBGH and other non-vendor sources

## Extent that Vendor Provides Information and Insights About Cancer Care



## Non-Vendor Resources

- National Business Group on Health (NBGH)
- Regional Health Coalitions
- Employer organizations/ associations (e.g., IBI, EBRI)
- Conferences
- Health Transformation Alliance (HTA)
- Medical journals
- Peers



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Benfield's area of focus is the marketplace influence of jumbo employers (5000+ employees), leading employer health coalitions, and employer benefits consultants and brokers.

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