



# In the Literature

## HEALTH INSURANCE AND SPENDING AMONG CANCER PATIENTS

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David Howard

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A new study of spending on cancer care by Americans starkly illustrates the link between health insurance and patients' use of potentially life-saving treatments. In analyzing national health expenditure data, Emory University professors Kenneth E. Thorpe, Ph.D., and David Howard, Ph.D., found that the amount that uninsured cancer patients spent on their care over a typical six-month period was just over one-half (57%) that spent by cancer patients with private insurance. Lower spending among uninsured cancer patients is partly, if not completely, due to their lower use of health services—including hospital admissions, physician visits, and emergency room visits. The results provide compelling evidence that expanding insurance coverage will likely improve cancer treatment for many Americans.

Cancer is the second-leading cause of death among Americans, accounting for one of four deaths. While research has centered primarily on the important role of health insurance in increasing cancer screening and patients' access to care, little is known about cancer patients' insurance coverage and about differences in health care spending between patients with and without coverage.

For their *Health Affairs* Web Exclusive, "[Health Insurance and Spending Among Cancer Patients](#)" (April 9), published with support from The Commonwealth Fund, researchers Thorpe and Howard analyzed Medical Expenditure Panel Survey data for 1996–99 to obtain a picture of cancer patients' insurance coverage and health care spending. Their results reveal that a substantial proportion of Americans with cancer have no health coverage, and that Hispanic

patients are considerably more likely to be uninsured than either whites or blacks.

### Health Insurance Coverage

Insurance coverage patterns reflect, in part, the fact that the large majority of cancers are diagnosed in older people. Thus, Medicare, which insures adults age 65 and older, covers 56 percent of all cancer patients.

Coverage patterns for cancer patients under age 65, however, differ greatly from overall totals. Among elderly patients, 70 percent have private coverage and 11 percent are uninsured. Hispanics fared significantly worse: 20 percent were uninsured, a figure that appears to be linked to Hispanic patients' much lower rate of private coverage (51%). The authors found that, overall, Hispanic cancer patients were twice as likely to be uninsured as were all cancer patients and cancer patients under age 65.

### Health Care Spending

The study also found that uninsured cancer patients spent less than insured patients on health care. More troubling was that this lower spending was due to lower use of medical services. Over a six-month period, uninsured cancer patients incurred health care costs that were just over half of those of privately insured patients (\$3,606 vs. \$6,550). Compared with cancer patients covered by Medicaid, uninsured patients spend much less overall but more on outpatient hospital services.

Similarly large differences in spending were seen for patients under age 65 (Table 1). Among privately insured patients, average total spending was \$8,419, but only \$4,806 among uninsured

**Table 1. Predicted Health Care Spending Among Cancer Patients Under Age 65, by Source of Coverage at First Cancer Event, 1996–99**

	COVERAGE AT FIRST CANCER EVENT				
	Overall	Medicare	Medicaid	Private	Uninsured
Total expenditures under age 65	\$8,252	\$10,146	\$7,805	\$8,419	\$4,806*
Inpatient	5,212	7,486	4,698	5,643	1,454*
Outpatient	1,342	1,135	615*	1,547*	1,121
Physician's office	1,361	1,415	856*	1,515*	880*
Out-of-pocket	576	390	165*	549	1,343*

Note: Statistical significance indicators express significant difference from “overall.”

\* p < .05

Source: K. Thorpe and D. Howard, “Health Insurance and Spending Among Cancer Patients,” *Health Affairs* Web Exclusive, April 9, 2003.

patients. Again, the bulk of the difference, the researchers say, can be attributed to increased hospital spending among the insured.

Just because uninsured cancer patients have lower overall spending does not mean they also have lower out-of-pocket medical expenses. In fact, in both absolute and percentage terms, uninsured patients paid much more out of pocket—\$1,343 in the six-month period for those under age 65, compared with \$576 for the entire under-65 sample and \$165 for nonelderly patients with Medicaid.

Could these differences in spending be explained by hospitals' provision of free care to the uninsured or by care written off as “bad debt”? The answer, the study's authors found, is no. By examining data on hospital charges—in addition to spending—they determined that charges for uninsured patients were in line with their spending. Charges by insurance status were as follows: Medicaid, \$13,250; private, \$11,105; Medicare, \$10,015; and uninsured, \$6,816.

### Use of Health Services

Finally, the study examined and compared use of health care services among insured and uninsured cancer patients. Mirroring the findings on payment data, uninsured patients had fewer overall encounters with health care providers—an average of nine annually, compared with nearly 16 for the entire sample (Table 2). They also had fewer inpatient admissions, physician office visits, hospital outpatient visits, and emergency room visits than cancer patients with health coverage.

### Policy Implications

Congress attempted to address the differences in treatment when it passed a law allowing states to extend Medicaid coverage to some women with breast or cervical cancer. Although it was an important first step, breast and cervical cancer account for only 15 percent of newly diagnosed patients with cancer. Extending health insurance to the remaining uninsured cancer patients, the authors say, could result in earlier treatment and improved survival.

**Table 2. All Cancer Patients' Use of Health Services, Measured as Number of Annual Admissions or Visits, by Health Insurance Status, 1996–99**

	COVERAGE AT FIRST CANCER EVENT				
	Overall	Medicare	Medicaid	Private	Uninsured
All health care events	15.74	16.95	13.38	15.04	9.15*
Inpatient admissions	0.47	0.54	0.71*	0.35	0.27
Outpatient hospital visits	3.17	3.16	3.33	3.12	2.95
Emergency room visits	0.19	0.24	0.26	0.13*	0.11
Physician office visits	11.91	13.01	9.08	11.44	5.81**

Note: Statistical significance indicators express significant difference from “overall.”

\* p < .10

\*\* p < .05

Source: K. Thorpe and D. Howard, “Health Insurance and Spending Among Cancer Patients,” *Health Affairs* Web Exclusive, April 9, 2003.