NIS
National Insurance Services

Healthcare Cost Spotlight:

Cancer Care

Cancer is the second-leading cause of death in the United States and one of the fastest-growing cost drivers in employer-sponsored health plans. According to the American Cancer Society (ACS), nearly 2 million people are diagnosed with cancer annually. For every 100 employees in today's workforce, 5 employees will have a history of cancer. The economic burden of treating cancer in the United States is significant and is expected to increase as the population grows and ages. In fact, the Business Group on Health's 2026 Employer Healthcare Strategy Survey revealed that, for the fourth year in a row, cancer is the top condition driving healthcare costs.

This Healthcare Cost Spotlight article focuses on cancer care and how it's impacting healthcare costs this year and beyond.

Types of Cancer

Cancer cells divide without control and can spread to all parts of the body through tumors, the blood and the lymphatic system. Some cancers are caught early with routine screenings, while others are not detected until later stages when treatment becomes far more complex and costly. While there are more than 100 types of cancer, some of the most prevalent affecting the workforce today are:

- **Breast cancer**—ACS reports that breast cancer is the most commonly diagnosed cancer among women in the United States, with more than 300,000 new cases expected annually. Treatment costs vary widely depending on the stage at diagnosis and may range from $20,000 for early-stage treatment to more than $100,000 for advanced cases. The shift toward targeted therapies and immunotherapy has improved outcomes but also significantly increased treatment costs. Early detection through routine mammography screenings remains one of the most cost-effective strategies for employers and employees alike.

- **Lung cancer**—Lung cancer is the leading cause of cancer-related death in the United States, accounting for more deaths than breast, prostate and colorectal cancers combined. It is also among the most expensive cancers to treat, with newer immunotherapy regimens costing $200,000 or more annually. Because lung cancer is often diagnosed at a late stage, when symptoms become apparent, treatment complexity and costs increase substantially. Low-dose CT screening is recommended for high-risk individuals, particularly long-term smokers, and can help detect lung cancer earlier when treatment is more effective.
- **Colorectal cancer**—Colorectal cancer is the third most commonly diagnosed cancer in both men and women. It is also one of the most preventable, as routine colonoscopy screenings can detect and remove precancerous polyps before they become cancerous. When caught early, colorectal cancer has a five-year survival rate of over 90%. However, late-stage diagnoses are associated with significantly higher treatment costs and poorer outcomes. Employers who encourage employees to complete recommended colorectal screenings play an important role in both saving lives and reducing long-term healthcare costs.
- **Prostate cancer**—Prostate cancer is the most commonly diagnosed cancer among men and the second-leading cause of cancer death in men in the United States. Treatment costs can vary widely based on the stage and treatment approach, ranging from active surveillance for slow-growing cases to surgery, radiation or hormone therapy for more aggressive forms. While many prostate cancers are slow-growing, more advanced forms drive significant healthcare expenditures and require long-term management.
- **Blood cancers**—Leukemia, lymphoma and multiple myeloma are among the costliest cancer diagnoses for employer health plans. The emergence of chimeric antigen receptor T-cell (CAR-T) therapy as a personalized immunotherapy has transformed outcomes for some patients with blood cancers. Still, it costs $400,000 to $500,000 per treatment course. As these advanced therapies become more prevalent, employers and plan sponsors must plan for their potential impact on catastrophic claims.

Furthermore, cancer and mental health are closely connected. A cancer diagnosis is one of the leading triggers of depression, anxiety and post-traumatic stress disorder among working-age adults. The ACS notes that roughly one-third of cancer patients experience clinically significant distress during or after treatment. Despite this, mental health support is often overlooked in cancer care. When left unaddressed, mental health challenges can delay recovery, reduce treatment adherence and increase overall healthcare utilization.

As such, when addressing cancer in the workforce, employers should account for the full spectrum of physical and mental health needs of a cancer patient and survivor—not just the direct costs of treatment, but also the emotional toll that a diagnosis places on employees and their families.

Risk Factors for Cancer

Although genetics and family history play a role, many cancers are linked to modifiable lifestyle factors and preventable risk behaviors. According to the World Health Organization, between 30% and 50% of cancer cases could be prevented by addressing known risk factors and implementing effective prevention strategies. The most common risk factors include:

- **Tobacco use**—Tobacco use remains the single largest preventable cause of cancer. According to the Centers for Disease Control and Prevention (CDC), smoking is linked to 12 types of cancer, including lung, throat, mouth, esophagus and bladder cancers. Research also suggests that men with prostate cancer who smoke may be more likely to die from the cancer than men who do not smoke.

- **Obesity**—The CDC reports that obesity is associated with an increased risk of at least 12 types of cancer, including breast, colorectal and pancreatic cancer. These cancers account for 40% of all cancers diagnosed in the United States each year. In addition, poor nutrition further elevates risk, particularly for gastrointestinal cancers.
- **Alcohol consumption**—Excessive alcohol use increases the risk of cancers of the mouth, throat, liver, colon and breast. Even moderate alcohol consumption has been associated with elevated cancer risk.
- **Physical inactivity**—A sedentary lifestyle contributes to obesity and is independently associated with higher cancer risk, including colon and breast cancer.
- **Age**—According to the National Cancer Institute (NCI), the median age for a cancer diagnosis is 66, and the risk of developing cancer increases significantly as individuals get older. With an aging U.S. workforce and estimates suggesting nearly 80 million people will be aged 65 and older by 2040, cancer will increasingly affect working-age adults and retirees alike.
- **Environmental exposure and family history**—Exposure to chemicals, radiation and other environmental agents, as well as hereditary genetic factors such as BRCA mutations, can elevate cancer risk independent of lifestyle behaviors.

Late detection is also a significant compounding factor unique to cancer, reinforcing the value of employer-supported screening programs and preventive care initiatives as cost-mitigation strategies.

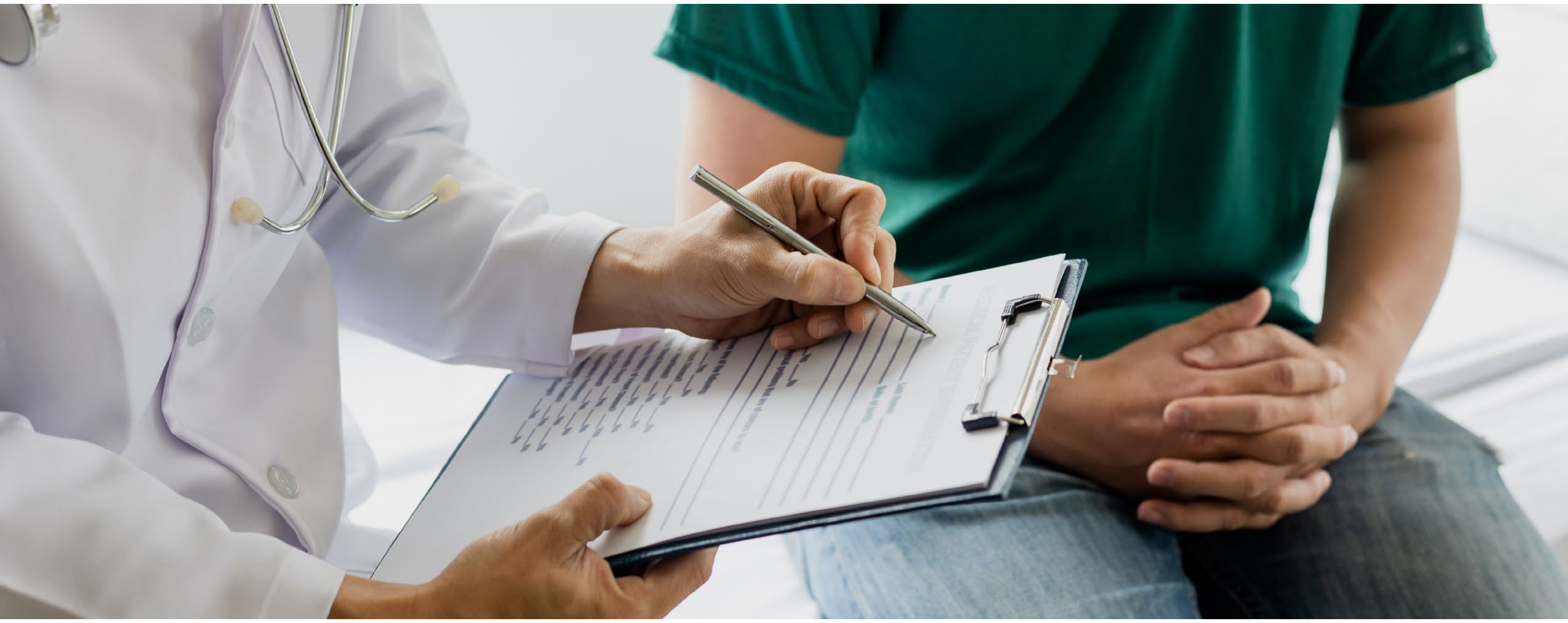
The Cost of Cancer Care

When cancer is diagnosed late or goes unmanaged, it can result in prolonged treatment, hospitalization and, in many cases, death. Treating cancer typically involves physician visits, surgery, radiation, chemotherapy, specialty drugs and ongoing monitoring, all of which contribute to substantial medical expenditures and lost productivity for employers. According to the NCI, total U.S. cancer care costs exceed $200 billion annually and are projected to exceed $245 billion by 2030.

For employers over the last few years, cancer has consistently been the top condition driving healthcare spending. Cancer patients collectively pay $5.6 billion out of pocket for treatments each year, and many employees lack adequate supplemental coverage to offset those costs. Furthermore, costs for cancer care are growing at twice the rate of other healthcare expenses, placing increasing pressure on employer health plans.

Specialty and biologic drugs are among the fastest-growing cost categories in cancer treatment. Cancer drugs now account for the largest share of specialty pharmacy spending, with some oral cancer medications costing $10,000 to $30,000 per month. As novel therapies such as CAR-T cell therapy and targeted immunotherapy become more widely used, pharmacy costs for cancer are expected to continue rising sharply.

Cancer is also the leading cause of catastrophic claims for self-insured employers. Even for fully insured employers, large cancer claims drive year-over-year premium increases. The ACS reports that nearly 18.1 million people diagnosed with cancer are surviving their illness, and about 36% of them are under the age of 65. This means employers will likely be paying cancer-related healthcare costs for more employees and for longer periods than at any previous point in history.



Beyond direct medical costs, cancer also significantly contributes to lost workplace productivity. Employees undergoing treatment often require time off for medical appointments, recovery and side-effect management. Cancer is also one of the primary causes of short- and long-term disability and can lead to early retirement. Furthermore, employees who are caregiving for a family member with cancer face their own stress-related health risks and reduced productivity, extending cancer's impact well beyond the individual diagnosed. In fact, the Northeast Business Group on Health reports that employers expend $139 billion for diminished productivity and lost work time from employees who are receiving cancer treatment or caring for someone with cancer.

Cost-mitigation Strategies for Employers

Approximately 2 million Americans are diagnosed with cancer each year, and nearly 18.1 million cancer survivors are living today, with many of them in the workforce. As a result, cancer-related healthcare costs touch virtually every employer. Fortunately, employers are uniquely positioned to help combat cancer's financial and human toll by investing in prevention, early detection and comprehensive employee support.

Treating cancer involves physician visits, extended hospital stays, specialty drugs and complex procedures. Some employers are pursuing the following strategies related to cancer care:

Encourage preventive services. Early detection is the most cost-effective method of reducing cancer's burden on employees and employer health plans alike. To support prevention and early detection efforts, employers should prioritize employee education on prevention and implement workplace policies that encourage employees to utilize such preventive services and cancer screening programs.

Promote cancer screenings as a core preventive benefit. Many cancers are highly treatable when caught early. Employers should clearly communicate which screenings are covered at no cost under the Affordable Care Act and actively encourage utilization. Setting up on-site screening services, such as mobile mammography vans, or asking health plan carriers to send reminders when screenings are due, can further support participation. Employees are more likely to prioritize preventive screenings when employers emphasize their value and make them convenient to access.

Evaluate centers of excellence (COE) programs. Cancer COE programs direct employees to high-volume, high-quality cancer treatment centers with demonstrated expertise in specific cancer types. Research shows that COE programs reduce unnecessary procedures, improve patient outcomes and lower total costs of care. For self-insured employers, this strategy can have a meaningful impact on catastrophic claim frequency and severity.

Address specialty drug costs proactively. Work with pharmacy benefit managers to ensure cancer drug formularies are optimized, step-therapy requirements are in place where clinically appropriate and biosimilars are adopted when available. As cancer drug costs continue to rise, proactive pharmacy management is one of the most impactful ways employers can control overall healthcare spending.

Offer holistic benefits that support employees from diagnosis to treatment and recovery. A cancer diagnosis can be overwhelming. Employers can help by ensuring employees are aware of and have access to key benefits, including medical coverage, pharmacy plans, short-term disability, the Family and Medical Leave Act (FMLA), employee assistance programs (EAPs), cancer insurance and critical illness insurance. Many typical insurance policies do not cover indirect costs such as lost income, transportation and home nursing expenses, making voluntary supplemental coverage an important offering for employees facing a diagnosis.

Consider cancer navigation programs. Dedicated cancer care navigators, offered by some third-party administrators and health plans, can help employees understand their diagnosis, coordinate care across providers, and avoid duplicative or low-value treatments. These programs consistently show a return on investment through reduced unnecessary procedures, better adherence to care plans and faster return to work. Some organizations offer navigation services through their EAP so employees can access support outside of the company in a private and confidential setting.

Be accommodating and support employees' return to work. Employees undergoing cancer treatment will likely need flexible scheduling, remote work options or reduced hours to manage their care. Reviewing leave policies, offering flexible work arrangements, and ensuring compliance with applicable federal and state laws (e.g., the Americans with Disabilities Act and FMLA) helps employees remain connected to the workforce during treatment and transition back smoothly after recovery. A supported employee is more likely to remain productive, engaged and loyal throughout and after their cancer journey.

In the end, employers have a meaningful opportunity to influence health outcomes and contain costs by investing in cancer prevention, early detection and employee support. A healthy, supported workforce is a major advantage for any organization.

Summary

Cancer care represents one of the most significant and fastest-growing cost drivers in employer-sponsored health plans. The financial toll of cancer touches nearly every employer, including costly specialty drugs, catastrophic claims, lost productivity and caregiver impacts. Fortunately, employers are well-positioned to help fight cancer and to strategize ways to contain associated costs. By promoting early screenings, implementing COE programs, addressing specialty drug spend, and supporting employees holistically through diagnosis and treatment, employers can reduce both the human and financial burden of cancer. Staying up to date on developing market trends can help employers stay educated and inform their decisions.