



# Oncology employer benefits and Center of Excellence solutions: State of the market 2024



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Oncology benefits for the employer market is a critical topic in health care that has been historically under-researched. In support of this paper, PwC conducted primary research across the U.S. employer landscape, including a survey of 100 benefits managers and 10 in-depth interviews to better understand challenges, past experience, and priorities with respect to cancer care for employee populations.

## A. Introduction

Cancer is a significant, growing challenge for self-insured employers. Costs are skyrocketing: by 2030, national incidence of cancer in people under 50 is expected to rise by 31%<sup>i</sup>, driving total spend to \$246 billion<sup>ii</sup> – and employer-based insurance will cover half<sup>iii</sup> of these costs. Employee experience has been poor: benefit offerings for oncology are fragmented, leaving employees disengaged when they most need support. Employee mental health issues, already a significant challenge across the broader population, can be even more prevalent following a cancer diagnosis. Employers have long struggled to solve these challenges. Benefits portfolios are full of disconnected vendors focused on single point solutions that fail to meaningfully tackle these areas. Employers are seeking a “one-stop shop” for cancer care that simultaneously delivers a superior member experience and cost savings – and the market has historically underdelivered.

The emergence of value-based Center of Excellence programs (COEs) comes at an opportune time. COE programs for oncology are still relatively new, but they are increasingly becoming the “one-stop shop” employers look for. These solutions leverage vetted provider networks to deliver quality outcomes across a range of diagnoses and can provide the holistic experience that employers and patients seek. However, as seen in other value-based programs across the industry, solution availability has not immediately translated into adoption commensurate with market demand. We dive deeper into current challenges, employer priorities, and the steps needed to drive value through oncology solutions.

## B. Employer spend on oncology: Challenge and opportunity

Eighty-five percent of benefits managers ranked oncology as a top-three cost driver, with 43% rating it as the health specialty driving the greatest cost. This is consistent with results from the Business Group on Health’s 2024 employer survey<sup>iv</sup>, in which 86% of employers ranked oncology as a top-three cost driver, with half ranking it number one. Sixteen percent of employers’ annual healthcare spend is attributable to cancers alone, a number most

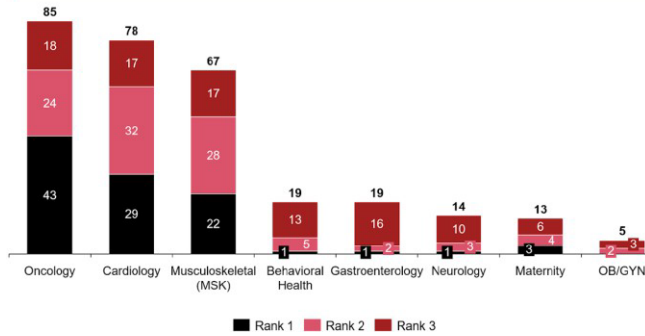
employers expect to grow by up to 9% annually. The vast majority of this spend has historically been paid fee-for-service, with high variability and limited ties to quality or performance outcomes.

Within cancer care, benefits managers ranked outpatient treatment (e.g., chemotherapy) and medication as their top two drivers of spend. This is consistent with national trends in

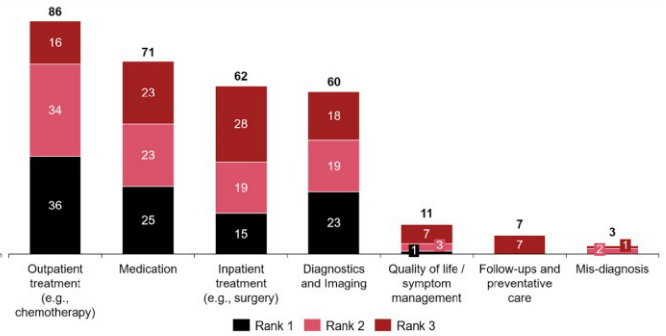
oncology utilization. Drugs – including chemotherapy, non-chemo biologics, and other related medications – represent 56%<sup>v</sup> of per patient spend in Medicare. Physician office and

hospital outpatient services follow at a combined 23% per patient. U.S. spend on cancer drugs reached \$71 billion in 2020, an 87% increase from 2015.

Health specialties driving greatest spend (ranking of top 3, # of responses)



Diagnosis / treatment activities driving greatest oncology spend (ranking of top 3, # of responses)



Source: PwC employer survey

“Cancer is quickly becoming our highest area of cost, made worse recently due to delayed care and preventative screenings due to COVID. These experiences are very difficult for our employees. We know this is an area we want to lower costs, while providing a high-touch, white-glove service.”

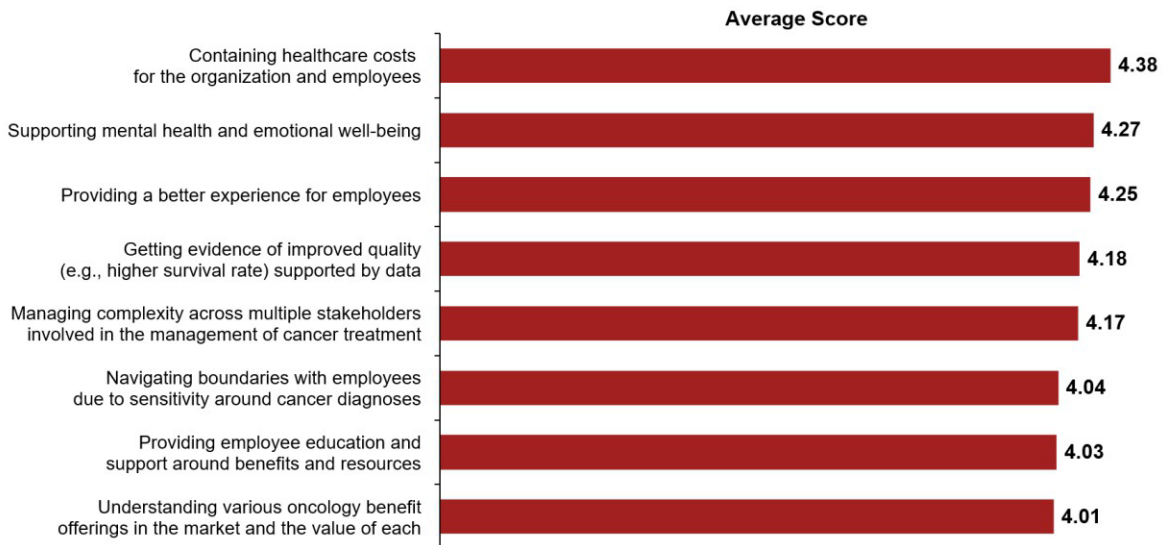
– Benefits Manager, Biotechnology Company

Benefits managers rated cost containment as their greatest challenge, but it was only one of many issues of nearly equal importance. Employers want to reduce costs but have to tackle areas such as member experience and mental health simultaneously. Further, most benefits managers describe that they lack the

data needed to understand the true drivers of high cost and ROI in the space. Absent clear focus, it will be difficult for employers to efficiently and effectively tackle cancer care — portfolios of disconnected solutions are not well positioned to move the needle meaningfully on either cost or outcomes.

### Challenges faced in management of cancer diagnoses and treatment

Q. What are the most important challenges you face with managing cancer diagnoses and treatment for your employees; each challenge rated from 1 - Not Important to 5 - Very Important?



Source: PwC employer survey

### **C. Oncology solutions: A low-maturity, fragmented market**

Employers have access to a wide-ranging market of benefit solutions for oncology. Standalone vendors provide offerings that generally specialize in one key area within the member's care journey such as behavioral health, care navigation, and virtual second opinion support. Few players in the space focus more directly on cancer treatments, such as surgery and chemotherapy. In addition, some legacy health plans provide oncology solutions, but these have historically fallen short of delivering the desired cost savings, member experience, and health outcomes.

The magnitude of oncology spend has resulted in deeper employer education and awareness around these solutions. Despite interviews highlighting varying degrees of understanding of solutions in the market, a significant majority – over 75% – of benefits managers self-describe as having a high degree of knowledge of the space. Eighty-two percent of employers state they have used an oncology benefit solution. Ninety percent have stated that they are likely to use one in the next two years.

While it is promising that employers are increasingly offering at least one oncology solution, current benefits portfolios are not comprehensive in addressing the spectrum of cancer care. Most solutions available to employers lack options focused on treatment and have been largely unsuccessful in reducing cancer spend. Employers explained that their challenges with existing point solutions occur across the lifecycle of a member's care. When members are made aware of the solutions available to them – a challenge in itself – they often find a fragmented and frustrating experience. Members are inundated with burdensome paperwork and communications from each vendor. The lack of coordination among the various vendors can lead to poor engagement and outcomes. Even when employees do engage, the core offerings themselves are typically immature and provide cursory solutions that fail to drive impact. Further, 83% of employers are unable to measure ROI for these solutions, making it difficult to evaluate and optimize their benefit portfolios.

### **D. Current employer portfolio preferences: Higher-maturity, lower-disruption, provider-led interventions**

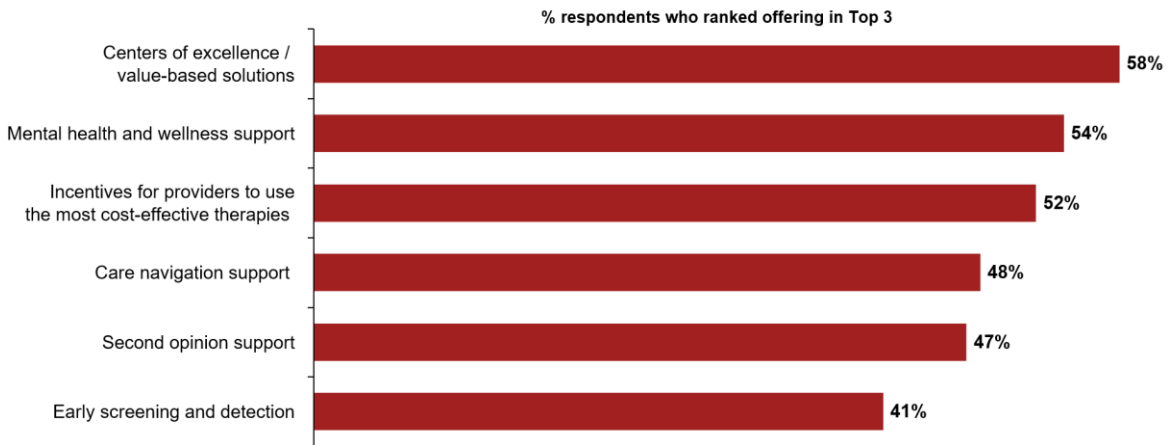
Employers highlight a variety of offerings that they want in an oncology solution for their population. Highest-ranked by employers are Centers of Excellence (COEs) and other value-based solutions, which can reduce cost and improve quality for members. Provider incentives can help steer towards cost-effective therapies to protect against rising costs. Care navigation solutions support members in finding services and communicating with multiple providers. Early screening vendors can coordinate and conduct employee screenings to catch conditions before they progress.

Despite the stated importance of value-based solutions, COE solutions are notably absent from many benefits managers' portfolios for oncology. These portfolios often instead contain multiple vendors offering point solutions that focus on only one of the many other priority areas. As standalone offerings, these are attractive to benefits managers – they are lower risk, straightforward to implement, and more commonly adopted across the industry. But these point solutions don't directly change the payment model or financial incentives for cancer treatment, limiting their impact on cost reduction.

“Our offerings for cancer include multiple vendors for second opinions, price comparison, mental health support, care navigation, and preventative screenings” - Benefits Manager, Industrials Company

### Oncology solution offerings most important to employers

What offerings / services are most important to you when selecting an oncology solution for your population?



Source: PwC employer survey

## E. Centers of Excellence: Emergence and opportunity

Oncology COE programs leverage their networks of providers and facilities to deliver quality outcomes. Upon diagnosis, a COE program takes over all aspects of the member’s care, including care navigation and other services otherwise handled by multiple vendors today. Some offer transparent pricing that is predetermined between the COE vendor and employers.

COE programs for cancer care are relatively nascent but growing. Ten years ago, they were largely non-existent. COE programs were demonstrating success within other medical specialties, but the field of oncology continued to lag behind others when it came to payment reform. The Center for Medicare and Medicaid Innovation (CMMI) has experimented with value-based care throughout the past decade, with mixed but promising results and an update to their bundle approach in 2023<sup>vi</sup>. CMMI’s early programs highlighted the heterogeneity of cancer, where the greatest impact was found in higher-risk episodes versus lower-risk episodes

that have fewer opportunities for cost savings. Equipped with these learnings, private COE solutions have entered the space to bring payment model transformation to commercial insurance.

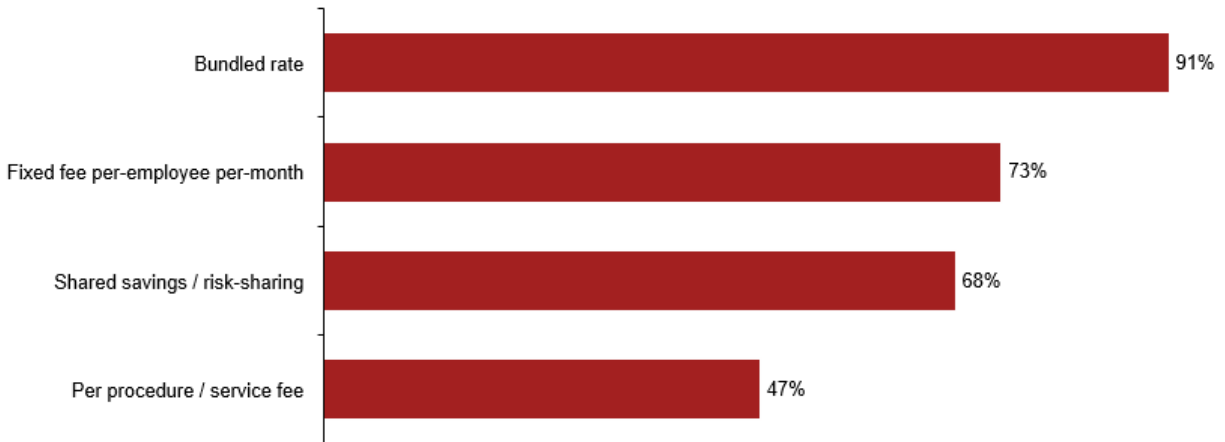
Early results have sparked interest in the market. Benefits managers noted their belief that COE solutions for oncology have a significant impact on cost and many preferred bundled fee structures. They highlighted that bundled payments align incentives and put providers at risk, a shift from traditional fee-for-service models. Employers also showed overwhelming interest in a “one-stop shop” for cancer care, where one partner can handle all aspects of a member’s care, as well as broad networks of providers for care. In addition to offering their primary COE network, COE vendors often also provide the wraparound services such as second opinion and care navigation currently offered in benefit portfolios. Though COE programs are still limited by geographies and

specific conditions, they are growing closer to the true one-stop shop employers look for.

COE solutions seem to offer many of the features and outcomes employers are seeking. Why haven't more employers adopted them?

### Preferred fee structures for oncology solutions

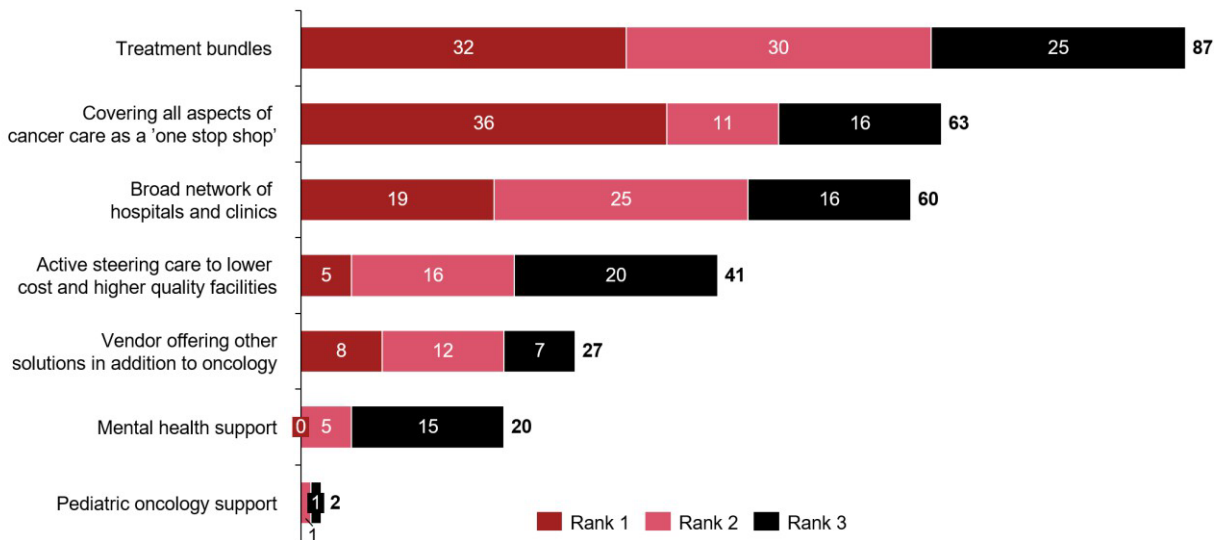
Q. What fee structure / model would you prefer when considering an oncology solution? (% respondents who indicated high favorability)



Source: PwC employer survey

### Characteristics important in CoE solutions

Q. If you consider a COE solution for oncology management, what solutions would be most important? (ranking of top 3, # of responses)



Source: PwC employer survey

## F. High interest but low adoption: Understanding the gap and slow growth of oncology COE programs

The slower-than-expected adoption of value-based employer offerings in oncology is consistent with the adoption of value-based care

broadly across the industry. Employers expressed challenges around developing a business case, navigating the marketplace, and

finding offerings that provide the scope and quality they desire.

### **Obstacles in developing a business case**

Most employers – 83% of those surveyed – are currently unable to measure the ROI or impact to cost savings provided by cancer solutions. Benefits leaders are often not equipped with robust in-house analytics capabilities, and data provided by vendors is frequently insufficient for a true analysis. Without the ability to measure impact on cost, benefits managers cannot develop a business case needed to justify taking a risk on a new, innovative solution. This results in a risk-averse approach, where employers shift their focus away from cost containment – their highest ranked challenge – in favor of known, safer solutions focused on employee experience.

“We are not able to calculate impact. Our members use many solutions, and we can’t know which one is actually moving the needle on cost.” - Benefits Manager, Food Service Company

### **Challenges navigating the marketplace**

Seventy-seven percent of benefits managers claim a high degree of understanding of the oncology market. But interviews revealed that this knowledge can be limited to commonly used patient-facing solutions without a deeper understanding of the complexities and advancements in cancer care. Further, benefits managers often rely on health plan partners and benefits consultants to curate and provide recommendations for their portfolio.

The broader point-solution ecosystem is complex and often challenging to navigate. While some value-based and COE models are available through health plans, many still require separate contracts and work to ensure interoperability with the rest of the portfolio. The proliferation of point solutions has increased openness and comfort with considering new and

innovative offerings, but it has also led to navigation fatigue — with a growing retreat back to preferences to stick with easy-to-implement offerings that are integrated with plans.

“We are always getting emails, invitations, and other outreach from vendors. That’s what we have to use our broker for. We don’t have the resources to look at and vet them all.”

- Benefits Manager, Biotechnology Company

### **Quality and scope of offerings available in the market**

Employers are seeking high-quality, comprehensive solutions — with breadth of network across geographies, inclusion of all/most cancer types, integration of wraparound services, and ability to deliver meaningful results. The market has not yet been able to deliver on this aspiration. COE programs in recent years have begun to close this gap, demonstrating evidence of quality and ROI. But even among COE programs, there is variation in quality, experience, and comprehensiveness of offering.

In the absence of ideal comprehensive offerings, we see employers often swinging the other way – preferring to stick with narrower but more mature, easy-to-implement solutions (e.g., prior authorization, screening and diagnostic support, and second opinion services) vs. trying to optimize for impact.

“What’s missing is a solution that takes facets of each point solution and gives a holistic approach. This would include improving screening through genetic markers, sending people to the right sites of care, supporting patients with care navigation and advocacy, and incorporating mental health and wellness. For now, we’re using what’s offered by our health plans.”

- Benefits Manager, Software Company

## G. Conclusion

Employers must act now to address the rapidly growing oncology spend within their organizations. 61% of benefits managers say that cancer benefits are a top priority, and employers are clear about what they want: a value-based “one-stop shop” that aligns incentives to reduce treatment cost while managing all aspects of the care journey. COE programs fit the bill, but employers have been hesitant to make the jump to this innovative approach, settling instead on a familiar but ineffective set of disconnected point solutions

that don’t directly change payment models to reduce spend.

While the market is still nascent, we expect both independent solutions and large insurance providers/TPAs to move toward offering COE programs to manage oncology. Employers looking to take bold action to meaningfully reduce costs can work now to evaluate and implement COE programs for their benefit portfolios.

Data on employer preferences referenced throughout this article was obtained through a survey of 100 anonymous respondents and interviews with 10 benefits managers. Survey and interviews were conducted by PwC. Study and this article were funded by Carrum Health.

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