



**MVP Roundtable**

Innovate • Network • Grow

# Trends in the medical stop-loss market

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# Stop-Loss Claim Trends

# Providing insights to the self-funded community

- Brokers and employers want to know what high-cost medical and Rx claims they may expect to see and what's changing over time
- As one of the largest stop-loss providers, Sun Life has one of the largest high-cost claim data sets in the country
- Annual analysis now covers ten years of high-cost claim data including 73,000 claimants and \$6.4 billion in stop-loss reimbursements
- Next annual research report will be released in June including the latest insights – sneak peek!



Source: Sun Life Financial book of business data, 2015-2018

# Ten years of high-cost claims

## Ten years of high-cost claim conditions

The highest cost conditions have remained relatively stable over time while other conditions have shifted in rank over the years

Medical condition	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2015-2018
Malignant neoplasm (cancer)	1	1	1	1	1	1	1	1	1	1	1
Leukemia, lymphoma, and/or multiple myeloma (cancers)	2	3	3	3	2	2	2	2	2	2	2
Chronic/end-stage renal disease (kidneys)	3	2	2	2	3	3	3	3	3	4	3
Congenital anomalies (conditions present at birth)	6	5	4	4	4	4	5	4	4	3	4
Transplant	5	11	15	17	10	5	4	5	5	7	5
Septicemia (infection)	13	9	12	10	11	7	7	6	6	6	6
Liveborn	14	18	9	9	20	14	13	7	8	5	7
Complications of surgical and medical care	12	6	6	13	13	9	12	8	7	9	8
Hemophilia/bleeding disorder	21	21	13	12	17	15	9	9	9	15	9
Cerebrovascular disease (brain blood vessels)	8	8	7	7	7	10	8	10	14	11	10
Disorders relating to short gestation and low birthweight (premature birth)	4	4	5	6	5	6	6	13	11	25	11
Pulmonary collapse/respiratory failure (lungs)	11	7	11	8	9	8	10	14	10	17	12
Diseases of the blood and blood-forming organs	18	12	16	11	8	17	14	15	13	10	13
Other metabolic and immunity disorders	26	22	22	27	18	16	16	12	12	14	14
Dorsopathies	7	10	10	14	14	13	17	11	15	13	15

Source: Sun Life Financial book of business data, 2015-2018



# TOP 10 HIGH-COST CLAIM CONDITIONS

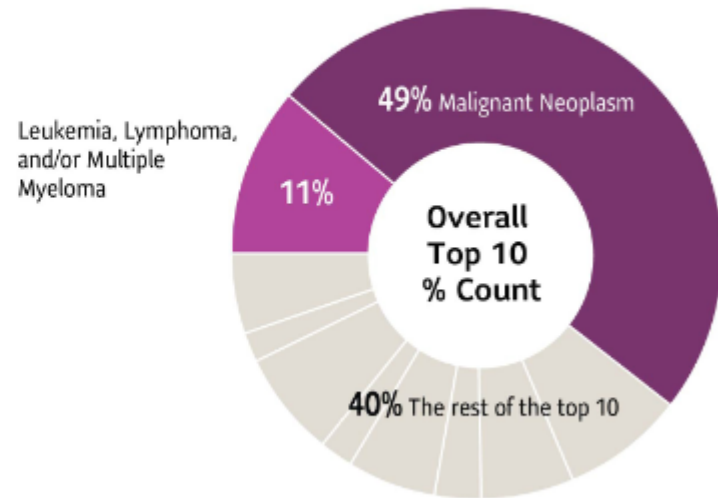
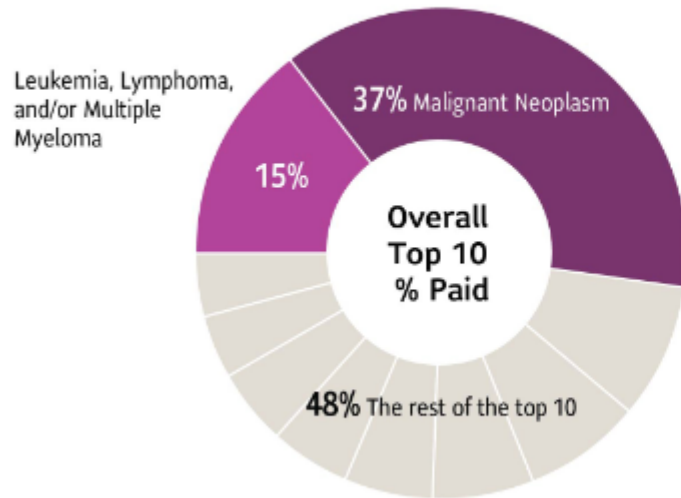
Total payments	Medical condition	2015-2018		2014-2017		Stop-loss claim reimbursements 2015-2018	
		Rank	Rank	Total reimbursements	% of total*	Total reimbursements	% of total*
31.3% Top 3 conditions	Malignant neoplasm (cancer)	1	1	\$674.0M	19.3%		
	Leukemia, lymphoma, and/or multiple myeloma (cancers)	2	2	\$262.3M	7.5%		
	Chronic/end-stage renal disease (kidneys)	3	3	\$159.3M	4.6%		
51.2% Top 10 conditions	Congenital anomalies (conditions present at birth)	4	4	\$141.9M	4.1%		
	Transplant	5	5	\$117.1M	3.3%		
	Septicemia (infection)	6	6	\$104.5M	3.0%		
	Liveborn**	7	9	\$93.7M	2.7%		
	Complications of surgical and medical care	8	7	\$89.9M	2.6%		
	Hemophilia/bleeding disorder	9	10	\$76.7M	2.2%		
	Cerebrovascular disease (brain blood vessels)	10	12	\$70.9M	2.0%		
Top 10 conditions				\$1.8B	51.2%		
Total stop-loss reimbursements				\$3.5B			

- Ten conditions make up more than half of all stop-loss claims
- Cancer (malignant neoplasm) has held the top spot since the beginning of our analysis in 2009

# Cancer dominates but others rise

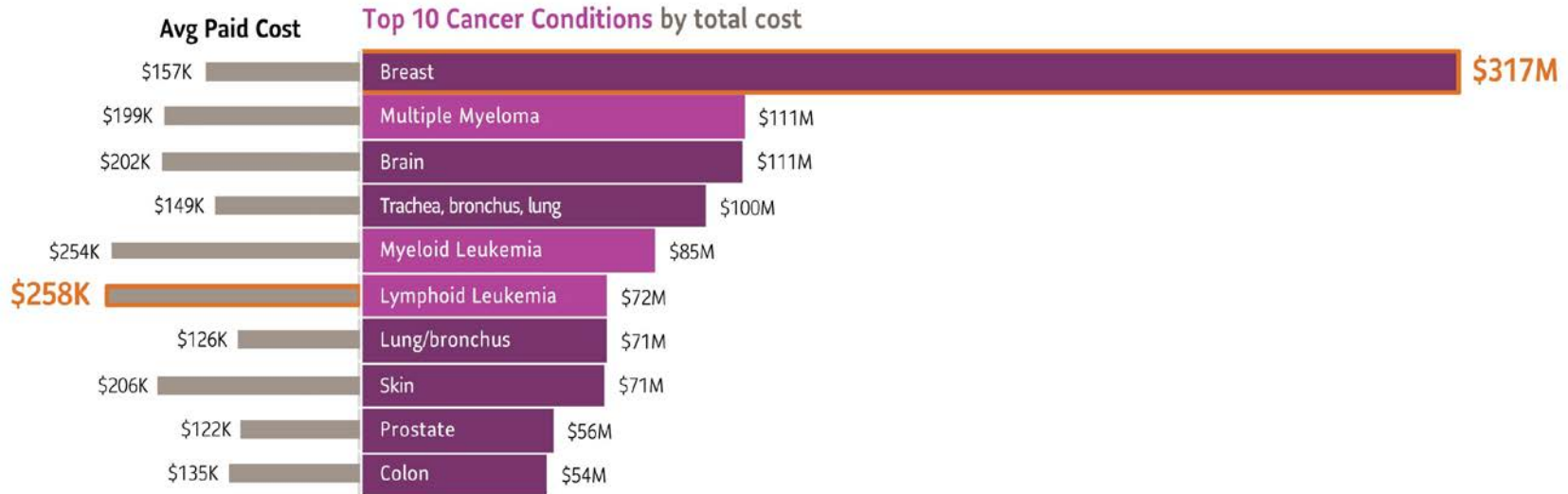
# Cancer is dominant in both cost and frequency

Cancer is **52%** of the total paid amount for the top 10 claim conditions and **60%** of the total claim count



Source: Sun Life Financial book of business data, 2015-2018

# Top ten cancers types by total cost



Source: Sun Life Financial book of business data, 2015-2018



# Highlight conditions: hemophilia

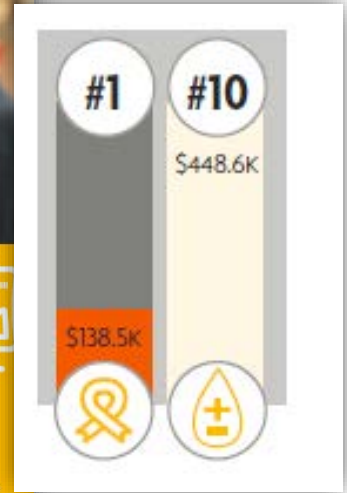
- Reached the top 10 last year
- Rare blood disorder
- Compared to cancer conditions, hemophilia affects a much smaller number of people, but the average treatment cost for hemophilia is about three times higher than the average cost for cancer.

Source: Sun Life Financial book of business data, 2014-2017. Source: 2018 Sun Life Stop-Loss research report, "2018 Sun Life Stop-Loss Research Report, High-cost claims and injectable drug trends," which covered a core timeframe of four years of high-cost claims that Sun Life paid. SLPC 26770



## Hemophilia facts

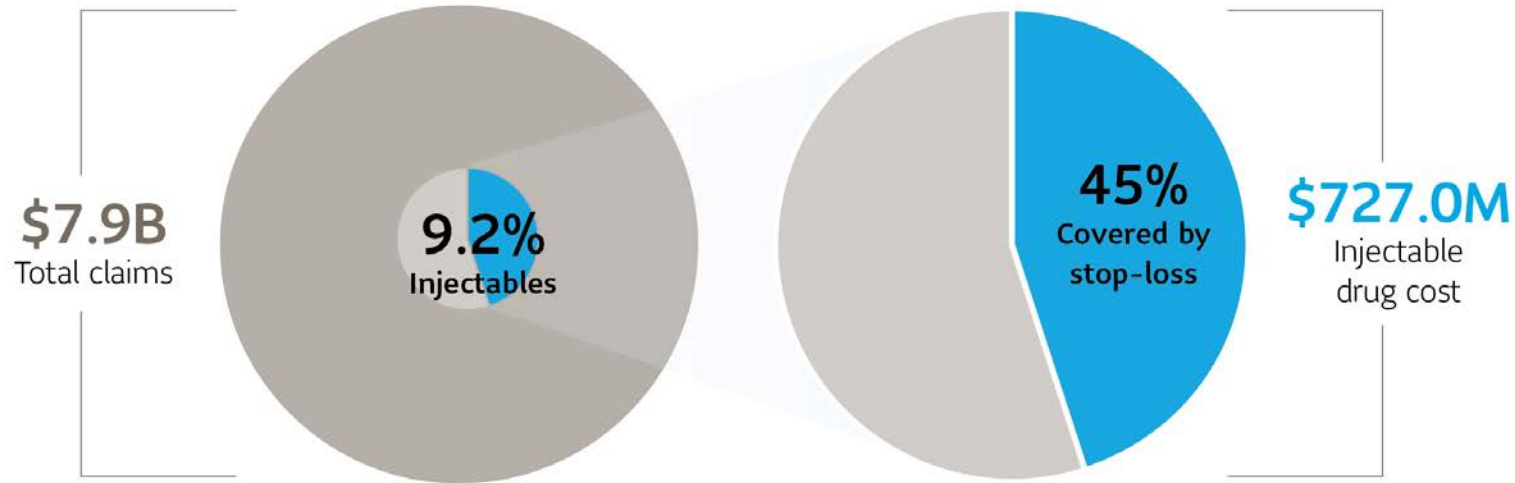
- About 20,000 people in the U.S. have hemophilia; it affects all races and ethnic groups<sup>8</sup>
- Hemophilia B is four times less common than hemophilia A<sup>4</sup>
- About 400 babies are born with hemophilia A each year<sup>4</sup>
- Factor VIII is an infusion therapy used to treat hemophilia bleeding episodes and ongoing maintenance
- When Factor VIII is administered in a hospital, the average cost is 10 times more than the average cost of home infusion<sup>3</sup>
- The amount of medication an individual requires to control bleeding depends on a number of factors, including but not limited to, severity of the disorder, type of genetic mutation, and acute care needs such as surgeries or injuries



# Injectable drug trends

# Injectable drug trends

## 2015–2018 Impact of injectable drugs



Source: Sun Life Financial book of business data, 2015-2018

# Top 20 high-cost injectable drugs

## Top 20 high-cost injectable drugs

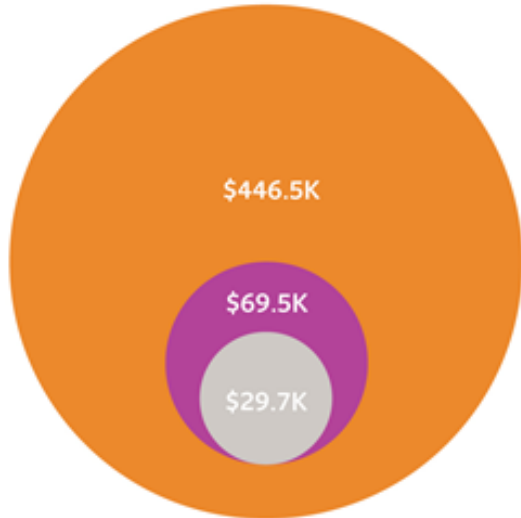
Rank trending up

2015 Rank	Rank change	2018 Rank	Injectable drug	Paid charges	Average paid	Most frequently used to treat
4	↑	1	Herceptin	\$17.4M	\$95.4K	Cancer
2		2	Neulasta	\$16.4M	\$35.7K	Cancer
14	↑	3	Perjeta	\$10.9M	\$86.3K	Cancer
1		4	Avastin	\$10.7M	\$59.7K	Cancer
	↑	5	Keytruda	\$10.1M	\$113.3K	Cancer
	↑	6	Opdivo	\$9.2M	\$96.8K	Cancer
5		7	Soliris	\$8.7M	\$457.2K	Blood disorder
10	↑	8	Yervoy	\$8.5M	\$198.5K	Cancer
6		9	Rituxan	\$7.0M	\$50.1K	Cancer
3		10	Advate, Kogenate*	\$6.5M	\$363.9K	Blood disorder
30	↑	11	Uncategorized Drugs	\$5.9M	\$9.7K	Other
		12	Spinraza	\$5.7M	\$332.5K	Other
8		13	Inflectra, Remicade	\$4.9M	\$55.9K	Other
	↑	14	Eloctate	\$4.4M	\$629.8K	Blood disorder
	↑	15	Darzalex	\$4.1M	\$107.2K	Cancer
15		16	Alimta	\$3.7M	\$60.6K	Cancer
7		17	Gammagard	\$3.5M	\$84.5K	Other
18		18	Velcade	\$3.3M	\$44.4K	Cancer
19		19	Tysabri	\$3.3M	\$110.0K	Other
34	↑	20	Adcetris	\$3.3M	\$192.1K	Cancer

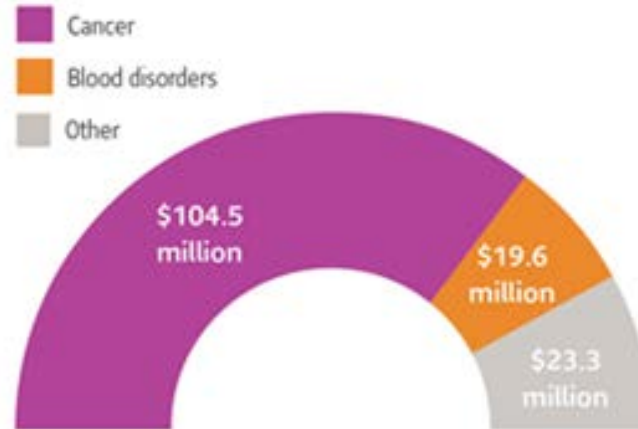
Source: Sun Life Financial book of business data, 2015-2018

# Average cost versus total cost

Average paid charges by category



Total paid charges by category



Source: Sun Life Financial book of business data, 2015-2018

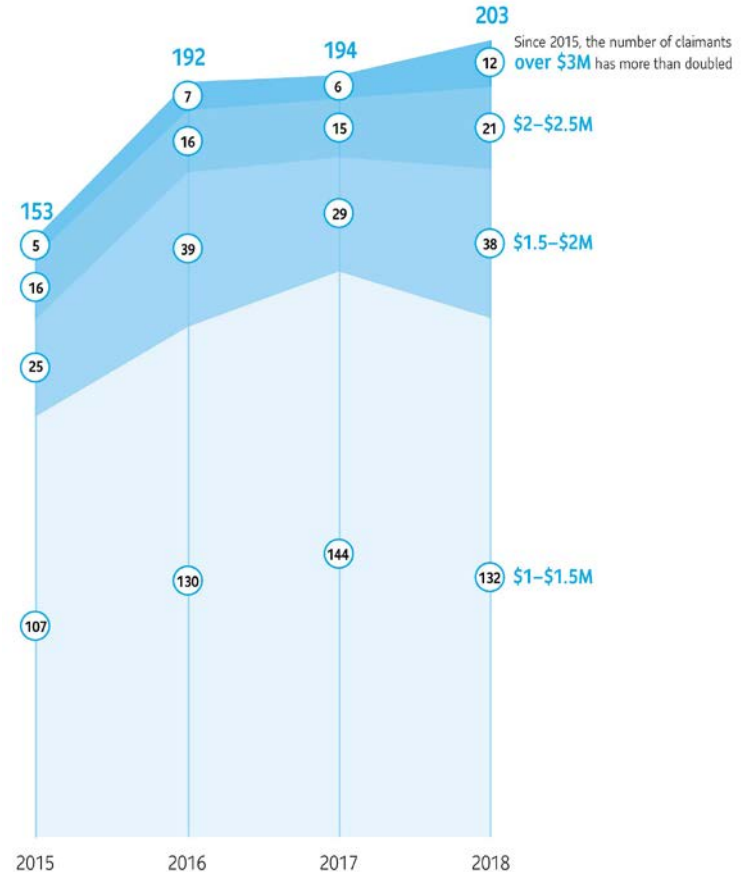
# Million dollar+ claims

# Members with \$1M+ claims

- The average paid amount for a \$1M+ claim is \$1.5M
- Million-dollar+ claims over \$1.5M were up 342% from 2015 to 2018
- The largest jump was in the highest cost category of \$3M+

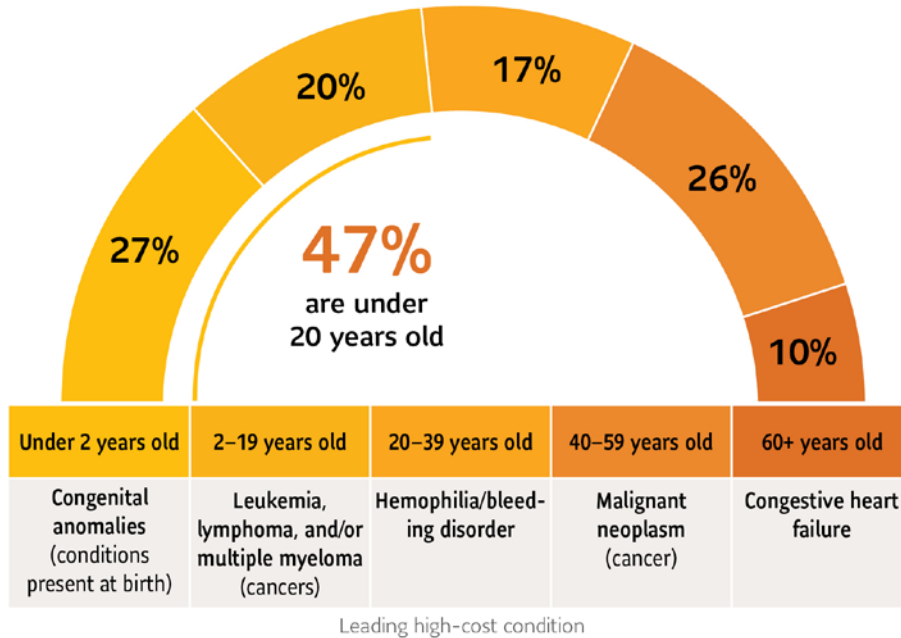
Source: Sun Life Financial book of business data, 2015-2018

Total claimants with \$1M+ in paid claims



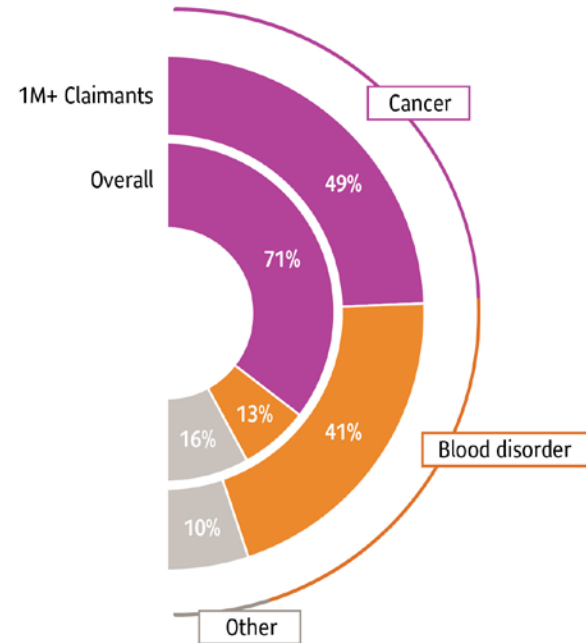
# \$1M+ claims by condition and age

Individuals with million-dollar+ claims by age



Source: Sun Life Financial book of business data, 2015-2018

Injectable drug costs



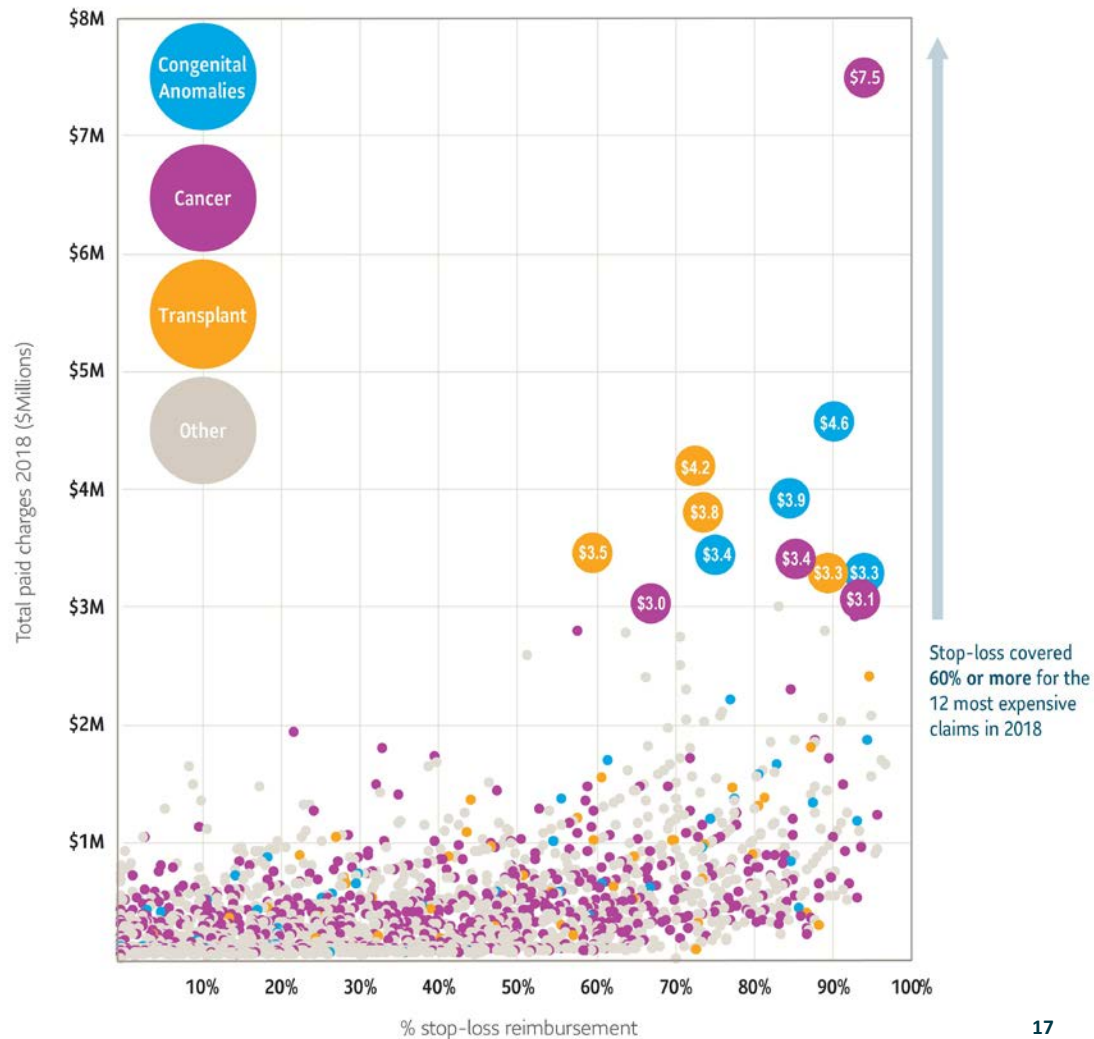
Source: Sun Life Financial book of business data, 2018



# Largest claims

- The primary conditions associated with the largest claims in 2018 were transplants, congenital anomalies and cancer
- While these are not rare conditions, these members had some combination of complicated procedures, advanced treatments and/or complications which resulted in long in-patient stays

Source: Sun Life Financial book of business data, 2015-2018



# Market Trends

# Creating a sustainable healthcare ecosystem

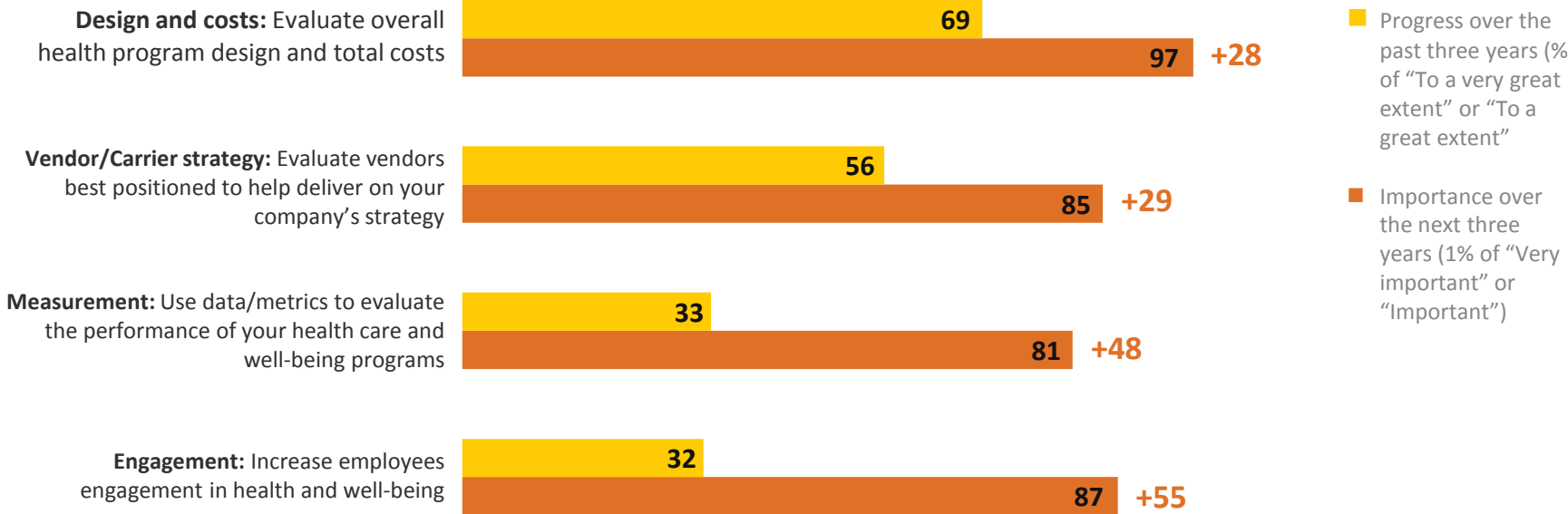
## Areas of focus:

- Advisor/employer priorities
- Leveraging data
- Rx management and cost-containment
- Alternative self-funding solutions



# Market trends

## Recent progress over the past three years and new directions over the next three years.



Source: 2017 22<sup>nd</sup> Annual Willis Towers Watson Best Practices in Health Care Employer Survey. Sample: Based on respondents with at least 1,000 employees.

# Leveraging data

## Benchmarking is a critical part of the client's benefit strategy



### Why do employers value benchmarking?

“Knowledge is power... I try to look at it objectively and that's why I pull from different places... It's really hearing what the employees want and also benchmarking ourselves to meaningful employers.”

– *Director of Benefits*



### Why is benchmarking of interest to employers?

“It'd be interesting to know what carrier they're using... to know what their deductibles are....”

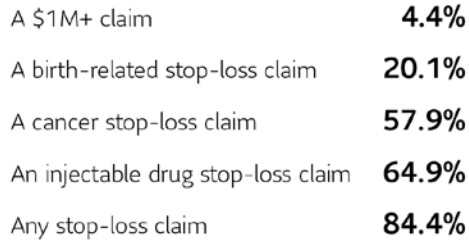
– *HR Director*

Source: 2017 Self-funded employer journey research, Conifer Research

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# Data: importance of stop-loss coverage

## Likelihood of a stop-loss claim

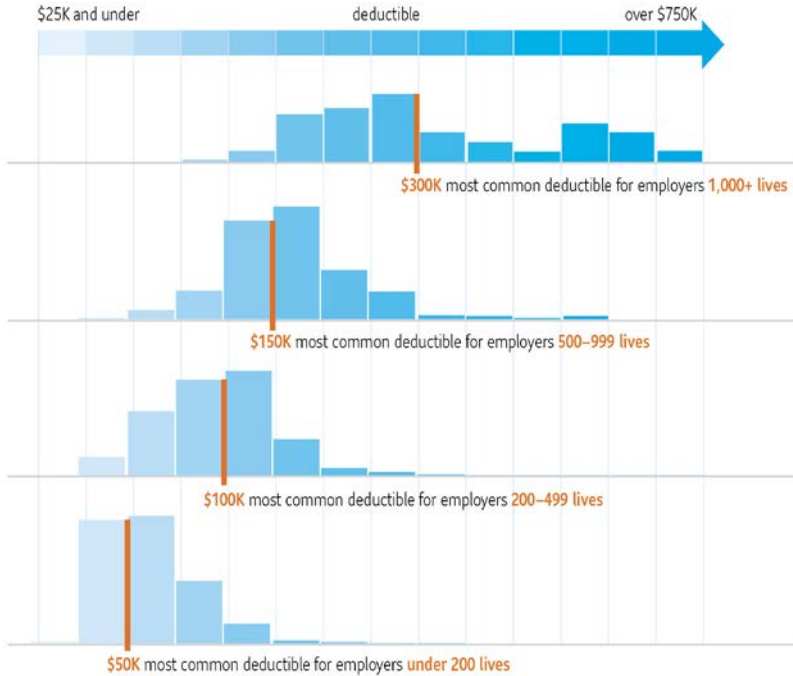


## Percent of claims over \$1 million covered by stop-loss



Source: Sun Life Financial book of business data, 2015-2018

# Data: decision tools



Source: Sun Life Financial book of business data, 2015-2018

## Top 10 by deductible level

■ Top 10   
 ■ 11 – 20   
 ■ Not in top 20

Rank	Overall	\$0-50K	\$51K-100K	\$101K-250K	\$251K-500K	\$500K+
1	Malignant neoplasm	Malignant neoplasm	Malignant neoplasm	Malignant neoplasm	Malignant neoplasm	Congenital anomalies
2	Leukemia, lymphoma, and/or multiple myeloma	Dorsopathies	Leukemia, lymphoma, and/or multiple myeloma	Leukemia, lymphoma, and/or multiple myeloma	Leukemia, lymphoma, and/or multiple myeloma	Transplant
3	Chronic/end-stage renal disease	Leukemia, lymphoma, and/or multiple myeloma	Chronic/end-stage renal disease	Chronic/end-stage renal disease	Congenital anomalies	Malignant neoplasm
4	Congenital anomalies	Chronic/end-stage renal disease	Congenital anomalies	Congenital anomalies	Transplant	Hemophilia/bleeding disorder
5	Transplant	Mental Disorders	Dorsopathies	Liveborn	Chronic/end-stage renal disease	Pulmonary collapse/respiratory failure
6	Septicemia	Septicemia	Septicemia	Septicemia	Septicemia	Leukemia, lymphoma, and/or multiple myeloma
7	Liveborn	Coronary Atherosclerosis (ASHD)	Cerebrovascular disease	Transplant	Liveborn	Congestive heart failure
8	Complications of surgical and medical care	Congenital anomalies	Complications of surgical and medical care	Complications of surgical and medical care	Disorders relating to short gestation and low birthweight	Septicemia
9	Hemophilia/bleeding disorder	Cerebrovascular disease	Liveborn	Hemophilia/bleeding disorder	Complications of surgical and medical care	Other respiratory conditions of fetus and newborn
10	Cerebrovascular disease	Other	Other	Cerebrovascular disease	Hemophilia/bleeding disorder	Respiratory distress syndrome, fetus or newborn

# The future of Rx

Innovation



Quality and efficacy



Sustainability



Cost



Protection



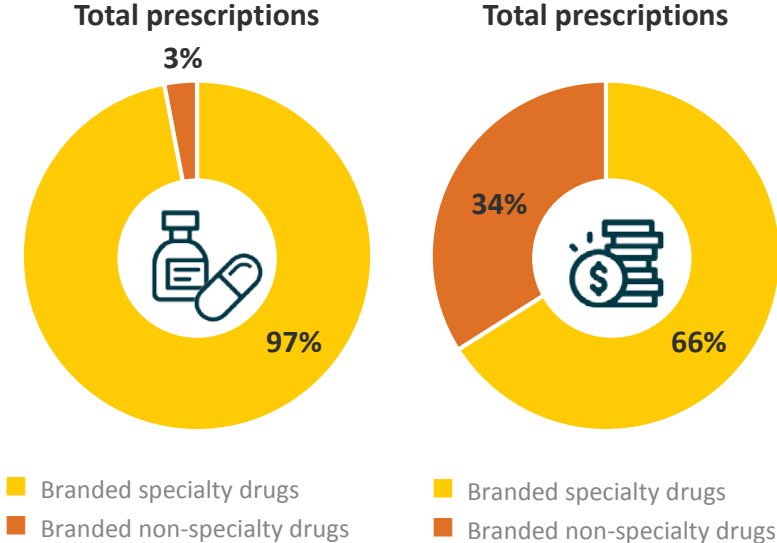
Ensuring that employees have access to **life saving and life changing medications**



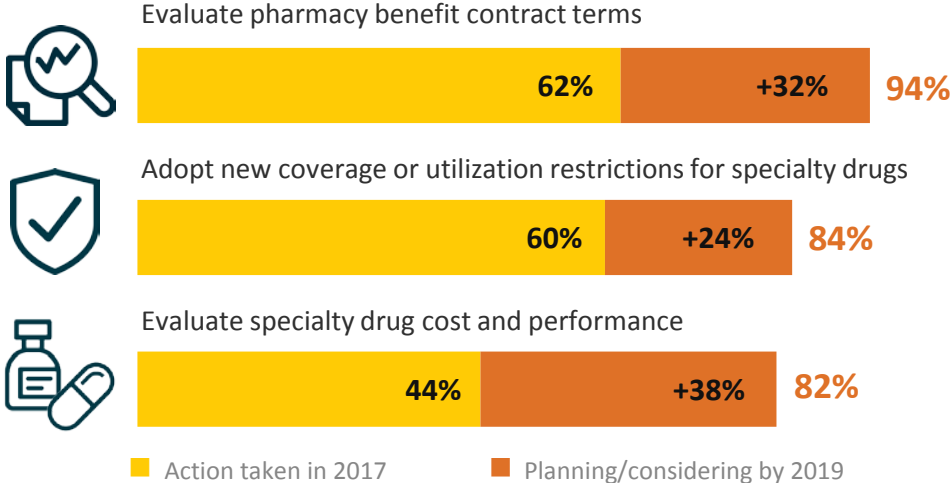
# Continued focus on Specialty Rx

## Branded specialty drug trends

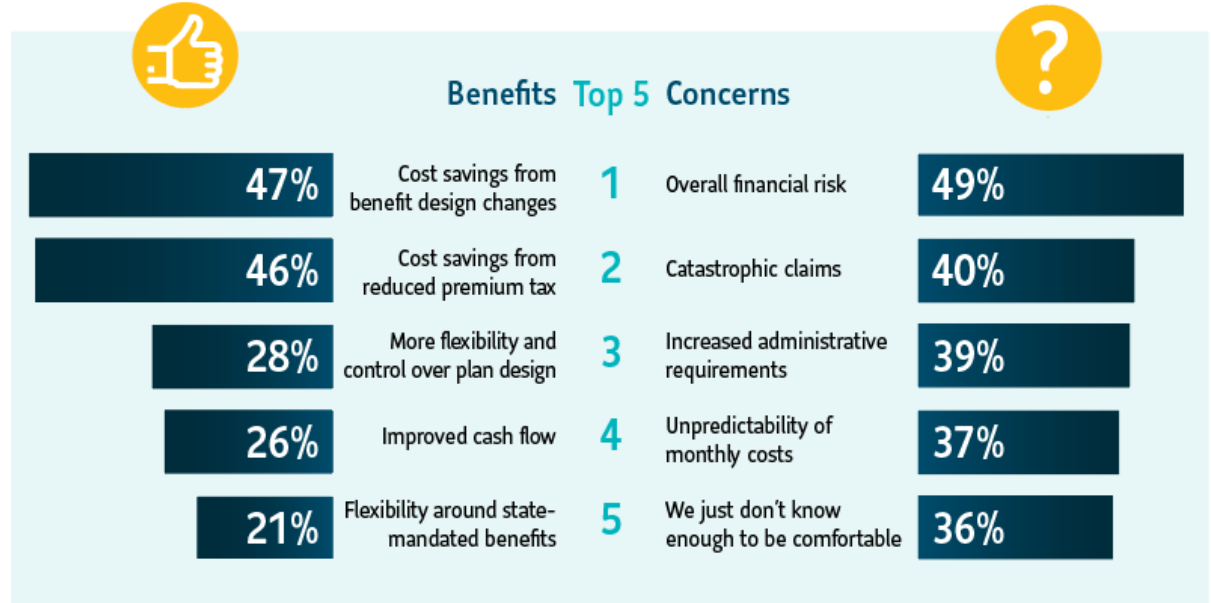
Branded specialty drugs make up a small share of branded prescription drugs filled at 3 percent, but account for 34 percent of branded drug spending in 2017. This is the fastest growing branded drug type in terms of spending—rising 10 percent in just the past year.



## Employers proactively manage pharmacy benefit costs



# Self-funding: growing your business

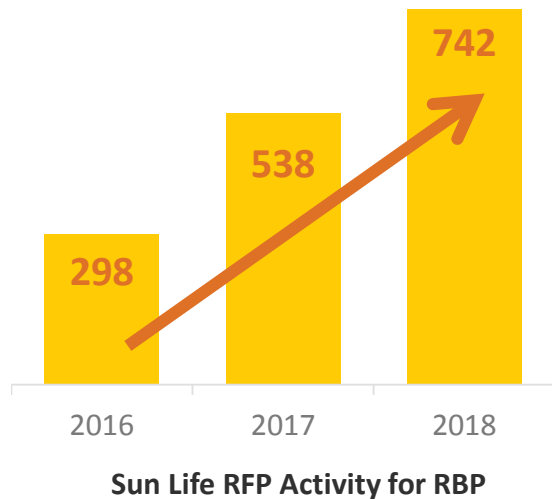


1. Sun Life Broker and Employer Voices Online Community surveys. This is a research tool that gains insights from a group of over 300 brokers and 200 employers. Brokers and employers are asked to provide feedback on topics pertaining to their experience in the insurance industry and with Sun Life products and services.

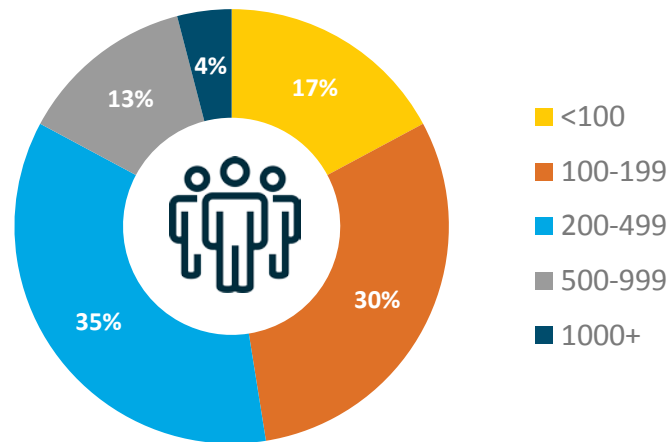
2. 2016 Employer Insights research study sponsored by Sun Life and conducted by Chadwick Martin Bailey. The blind study included decision-makers for companies that had from 50 to 999 employees and offered medical benefits to all their full-time employees.

# Alternative self-funding solutions: reference-based pricing (RBP)

Interest in RBP solutions continues to grow across many of our sales regions.



# of employee lives for 2017/2018 RFPs



Source: Sun Life Financial book of business data, 2015-2018

# Alternative self-funding solutions: captives

More brokers predict that their clients will use captives in the future.



More brokers predict clients will use captives in the future

Percentage of brokers who said 10% or more of their clients (who don't have a captive) will use a captive in the future



2018 n=50, 2017 n=50, 2016 n=71

## 2016-2018

### captives trends

Brokers see captives as a bridge to self-funding.

*“Employers are concerned about rising healthcare costs so **there is general interest in captives as a way to offer more financial protection.**”*

*“Group captives present a good transition option for FI clients.”*

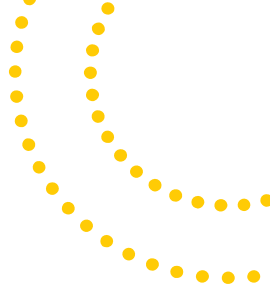
*“A way for **like minded groups who may not be big enough on their own** to band together and be self funded.”*

*“I think with the way increases are going, **everything is on the table** for employers.”*

*“Coming from a fully insured plan, it was the safest way to get them to self funding. I explained to them the reduced risk they had being in the captive vs. being self-funded.”*

Working together

**Rx** **Self-funding** **solutions**  
**sustainable** **insights** **savings** **Market trends**  
**data innovation**



The logo features two concentric dotted arcs in a golden-yellow color, resembling a rising sun or a stylized 'M'.

# MVP Roundtable

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MVPPTPT-8578e

SLPC 29566 04/19 (exp 04/20)