



# Rising Health Care Costs Contribute to Financial Toxicity for Patients

BY ERICA NAPOLITANO

**R**ising interest rates and increasing costs of everyday living expenses, from groceries to gasoline, are affecting everyone, including hospitals and health care providers. The health care system is challenged with rising costs and continues to face financial losses due to substantial increases in labor and supply expenses since the COVID-19 pandemic.

Financial hardships are not just a reality for the health care system; patients are also being subjected to mounting financial pressures. Patients who have chronic illnesses, such as cancer, are at highest risk and most vulnerable. Meanwhile, insurers continue to shift more financial responsibility to patients, making health care even

less affordable, while also making the approval process for necessary treatments more time intensive for health care providers. To make matters worse, the cost of care continues to rise substantially with medical debt following cancer patients into survivorship.

This “perfect storm” of circumstances contributes to patient “financial toxicity,” a term widely used in oncology that describes the financial and emotional impact of cancer care.

However, this term can, and should, be applied to describe the impact of any patient with a chronic illness that requires a significant amount of time in a hospital setting for regular treatments and/or test-

ing, including cardiovascular, autoimmune and neurological diseases. While health care providers have long understood the effect of financial toxicity, it was not until recently that data was available to show its relationship to health outcomes.

## The Cost of Care

Like many other costs, spending in health care is also increasing. U.S. health care spending grew just under 3% in 2021, following nearly a 10% increase in 2020. In addition to the financial impact, these costs can weigh on patients physically and emotionally. In March 2022, a survey by the American Cancer Society Cancer Action Network (ACS CAN) demonstrated

how heavy the cost of care weighed on cancer patients and survivors, with 73% concerned about their ability to pay current or future costs of their care and 70% worried about incurring medical debt due to their cancer care and treatment.

The findings also showed that 51% of cancer patients and survivors reported carrying debt for years with substantial impacts, which include 53% of debt holders facing collections and 46% seeing their credit score negatively affected.

In addition, 45% have delayed or avoided medical care for serious issues due to medical debt.

In April 2022, the Journal of the National Cancer Institute published a study that correlated financial hardship to increased mortality rates for cancer patients. Among cancer patients ages 18-64, 30% reported medical financial hardships. Of those 30% facing financial hardships, there was a 17% excess mortality rate.

Chronic illness can put patients out of work, limiting their ability to pay out-of-pocket expenses. These patients are also more likely to suffer from anxiety, depression, food and/or housing insecurity, all of which can negatively affect their overall health. Patients under financial distress are more likely to skip visits, not refill prescriptions or take less medication than prescribed.

Some even delay care or refuse treatment altogether just to avoid the cost. According to Gallup, in 2022 there was a record high of patients or family members postponing medical care due to cost. Reports show that 38% of Americans put off treatment which rose 12 points in one year, the highest in Gallup's 22-year trend. Of the 38% of Americans delaying care, 27% reported they delayed care for a serious condition. Postponing care, particularly for serious conditions, can increase risks, negatively affect outcomes, and result in even more costly medical intervention.

### What Does Financial Toxicity Look Like for Patients?

Many programs are available to assist patients experiencing financial toxicity. One example is drug replacement programs, also known as "free drug," which can help patients facing high-priced medications or treatments. These programs can be particularly effective in instances where insurance companies' approval may take more time.

In one example at a NH-based provider, a patient diagnosed with an aggressive stage 4 cancer was prescribed a new treatment that was considered "off-label" by their insurance company. Faced with the considerable cost, more than \$10,000 per treatment, the patient refused the treatment. The patient wanted to celebrate one more Christmas with family but did not want the cost to take their life savings. The financial navigator at the health system enrolled the patient in a free drug program, which allowed them to receive treatment without the burden of the cost.

A financial navigator works with patients and their families to help them reduce financial hardship related to the cost of treatment, according to National Cancer Institute. "Financial navigators help patients understand their out-of-pocket expenses and what their health insurance plans may cover. Financial navigators may also help patients set up payment plans, find cost-saving methods for treatments, and improve access to healthcare services that the patient needs, the institute states on its website.

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### Reducing Spending for Providers

Not only do programs like this help patients during a time when they need it most, it also addresses the steady rise in health care spending for providers. According to an analysis by Kaufman Hall in February 2023, U.S. hospitals are still facing expense challenges from decreased patient volumes coupled with increased drug spending.

The health system in the example above evaluated the impact of the drug assistance program by tracking the cost of the drug for each patient enrolled as cost avoidance. Over two years, the hospital tracked approximately \$900,000 in cost avoidance, a 54.5% increase year-over-year. While the

hospital is not capturing revenue on the drug itself, it is also not spending money purchasing a drug that is unlikely to get reimbursed. However, the hospital still generates revenue on the administration of the drug as well as other necessary services associated with chronic illness treatment and management, such as labs and imaging. Without these programs patients may forgo treatment, or in cases where they accept treatment, they may be unable to pay and end up in collections, adding stress for both the patient and provider.

### Financial Navigation Programs

Programs such as the National Cancer Plan, HealthWell Foundation and Cancer Moonshot are including initiatives and resources to reduce barriers to treatment, including reducing financial toxicity. Efforts include caps on prescription drug costs for Medicare beneficiaries, proposed Center for Medicaid & Medicare Services (CMS) rules to help patients navigate treatment, increasing access to providers and creating voluntary Enhancing Oncology Models aimed at improving care quality and health outcomes while considering cost of care.

For providers and health systems, there are many ways to combat the economic environment and address financial toxicity, including implementing a financial navigation program. Implementing a program will look different for every provider. It may include offering more complex patients financial navigation services through patient financial assessments or providing a list of resources available to support patients. It may also include patient education on their specific plan benefits and out-of-pocket expenses.

A financial navigation program can help maximize revenues through insurance optimization, co-pay assistance and other programs that will assist patients with paying their bills. Organizations focused on patient experience have increased patient and provider satisfaction and patient retention. Other benefits include reduced denials, bad debt write-offs and charity care. ■

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