Catastrophic Claim Capsule:
High-Cost Oncology – Melanoma

In today's complex health care environment, understanding specific high-cost diagnoses that consistently drive claim expenses for self-funded employers is more critical than ever. As a national leader in Stop Loss, HM Insurance Group (HM) sees certain diagnosis categories as significant cost-drivers, and we find it valuable to share what we're seeing and provide actionable strategies and proactive measures that may help to better address costs and protect the financial health of self-funded plans.

Catastrophic Cost Driver: Melanoma[1-4]

Melanoma is one of the most aggressive forms of skin cancer and remains a significant driver of high-cost oncology claims. Although it accounts for only about 1% of all skin cancers, it is responsible for the majority of skin cancer-related deaths. In the United States, approximately 112,000 new melanoma cases are diagnosed annually, with more than 8,500 deaths each year.

Melanoma is particularly concerning from a cost perspective because of its high potential to spread to organs such as the lungs, liver, and brain, where prognosis worsens and treatment intensity increases. While early-stage melanoma is often curable with surgery alone, advanced (stage III/IV) melanoma requires systemic therapy, and metastatic disease is associated with five-year survival rates as low as ~30%, driving the need for prolonged, complex treatment regimens.

Advances in immune checkpoint inhibitors (PD-1, CTLA-4) and targeted therapies for BRAF-mutated disease (which affects about 40% to 50% of patients) have significantly improved outcomes, with some patients achieving durable remission. However, up to 30% to 60% of patients may develop resistance to initial immunotherapy, requiring additional lines of therapy that increase the cumulative cost.

More recently, the introduction of cellular therapies, such as tumor-infiltrating lymphocyte (TIL) therapy, has further expanded treatment options for refractory disease, offering potential one-time interventions that come with exceptionally high upfront costs and intensive inpatient care requirements.

As high-cost therapies expand into earlier lines of treatment (including adjuvant settings) and treatment duration continues to extend, total claim exposure rises accordingly. When combined with biomarker testing, advanced imaging, infusion services, hospitalizations, and ongoing supportive care, melanoma has become an increasingly unpredictable and high-severity catastrophic cost driver, with both the frequency and magnitude of high-dollar claims directly impacting employer budgets, renewals, and risk strategies.

What's Creating the Rise in Claim Costs

- **Immunotherapy & Combination Treatments** – PD-1 inhibitors (e.g., Keytruda®, Opdivo®) are now standard across advanced and high-risk melanoma and often used for 12+ months. Combination regimens further improve outcomes, often exceeding $350,000 annually.
- **Targeted Therapies for Mutation-Driven Disease** – Approximately half of melanoma patients are eligible for BRAF/MEK inhibitors, which are highly effective but typically exceed $150,000 annually and may continue until progression.
- **Emergence of Cellular Therapy** – New TIL therapy (Amtagvi®) introduces a one-time cost of ~$515,000, with additional inpatient, chemotherapy, and supportive care expenses.
- **Expanded Treatment Intensity** – As outcomes improve, patients often receive multiple lines of therapy over time, supported by advanced diagnostics, imaging, and specialty care, which drive higher total episode costs.

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What This Means to Self-Funded Employers

- **Rapid claim escalation** – Advanced cases can exceed deductibles within months due to intensive treatment and whole-episode costs that extend beyond drugs.
- **Cross-benefit complexity** – Care spans medical and pharmacy benefits, reducing visibility and control.
- **Site of care variability** – Use of hospital outpatient infusion significantly increases the spend.
- **Ongoing exposure** – Longer survival and sequential therapy create sustained financial risk.

What HM Insurance Group Sees

HM Melanoma Experience from 2022-2025

Volume – HM has observed relatively stable melanoma claim frequency across its Stop Loss book. While year-over-year fluctuations occur, overall volume has remained consistent, suggesting melanoma continues to represent a steady and persistent source of catastrophic claim exposure rather than a rapidly growing condition.

Demographics – Claimants are consistently in their mid-50s, highlighting the impact on an actively working population. The data also shows a predominantly male population, increasing to more than 70% in recent years. This aligns with known epidemiologic trends and underscores the relevance of melanoma within employer-sponsored populations.

Cost Observations – Melanoma claims are increasingly drug-driven and high severity. In recent years, more than 90% of claims have been at least 50% drug-driven. At the same time, the share of ultra-high-cost claims (>$500,000) has roughly doubled, reflecting more intensive and prolonged treatment. The average first-dollar paid also has risen steadily, driven by longer therapy duration and adoption of high-cost treatment modalities.

Impact – These trends demonstrate that melanoma, while stable in frequency, is becoming a higher severity and more volatile cost driver. Rising per-claim costs and sustained volume reinforce its growing impact on underwriting, renewal strategy, and employer risk management, particularly as treatment advances continue to extend survival and increase the cumulative spend.

HM Insurance Group Melanoma Claimant Statistics				
	2022	**2023**	**2024**	**2025***
Number of Claimants	42	40	45	43
Gender Breakdown	Male – 57% Female – 43%	Male – 63% Female – 37%	Male – 71% Female – 29%	Male – 67% Female – 33%
Average Age	56	54	56	53
Percent of Cases That Are at Least 50% Drug-Driven	86%	85%	91%	93%
Cases That Are >$500,000 First-Dollar Paid	24%	25%	44%	51%
Average Total First-Dollar Paid for Plan Year	$399,000	$455,000	$504,000	$578,000

**2025 plan year not yet complete at time of reporting.*

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Most Common Melanoma Treatments Seen by HM from 2022-2025		
Therapy	**Medical or Pharmacy Benefit**	**Yearly Average Wholesale Price**
Yervoy®*/Opdivo®	Medical	$750,000+
Keytruda®	Medical	$230,000+
Tafinlar®/Mekinist®	Pharmacy	$575,000
Braftovi®/Mektovi®	Pharmacy	$500,000
Opdualag®	Medical	$500,000-$750,000+
Amtagvi®	Medical	$618,000**

**Doses are based on the weight of the patient, so costs can be higher depending on actual dosing. **Cost is for the drug only; will also have ancillary costs associated with treatment.*

What Can Be Done to Help Manage Costs

As melanoma treatments become more advanced, financial exposure for self-funded employers continues to grow. Effective cost management requires early identification of potential high-cost claims, alignment of medical and pharmacy strategies, and the use of evidence-based coverage policies to guide appropriate utilization.

In addition, optimizing site of care for infusion therapies, strengthening care management to reduce complications and hospitalizations, and maintaining strong Stop Loss protection are essential to minimizing variability and managing the financial risk associated with high-cost melanoma claims.

Contact **HMPharmacyServices@hmig.com** to learn more.

Source: HM Insurance Group observations, data, reporting, and analysis, June 2026.

References: [1]American Cancer Society. (2026). Key Statistics for Melanoma Skin Cancer; [2]National Cancer Institute. (2024). First Cancer TIL Therapy Gets FDA Approval for Advanced Melanoma; [3]Emerging Therapy Solutions. (2025). Melanoma Clinical Compendium; [4]CURE Today. (2023). Patients With Advanced Stages of Melanoma Face Higher Health Care Costs.

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800.328.5433 | hmig.com

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