

Catastrophic Claim Capsule: High-Cost Oncology – Lung Cancer

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 share actionable strategies and proactive measures that may help to better address costs and protect the financial health of self-funded plans.

Catastrophic Cost Driver: Lung Cancer¹⁻⁴

Lung cancer remains the leading cause of cancer death in the United States, with more than 238,000 new cases diagnosed annually. More than half of those cases identified at advanced stages.

While mortality has declined significantly due to advances in targeted therapy and immunotherapy, the breakthrough treatments have materially increased financial risk for self-funded employer health plans. Patients with advanced disease who once survived less than a year are now living two to three years or longer, frequently receiving therapies that cost more than \$20,000 per month.

As high-cost, precision medicines move into earlier lines of therapy and treatment duration extends, total claim exposure continues to rise. When combined with expensive diagnostics, infusion services, and ongoing supportive care, lung cancer has become one of the most unpredictable and severe catastrophic cost drivers, with growth in 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

- Precision medicine and immunotherapy are driving high total episode costs.
- Biomarker-driven targeted therapies (e.g., those for EGFR, ALK, and KRAS G12C mutations and immunotherapies used across first-line, maintenance, and peri-operative settings) have expanded into earlier stages of disease.
- Longer treatment durations mean more patients remain on high-cost therapy over time.



What This Means

- Overall, the total spend for lung cancer claims extends well beyond drug costs, often including ancillary charges for radiation, surgery, and inpatient stays.
- Employers must account for genomic and molecular diagnostics, PET/CT imaging, infusion administration, facility fees, and the management of immune-related toxicities that may require hospitalization or supportive care.
- A single lung cancer diagnosis can exceed the specific deductible within months.
- Many therapies can extend beyond 12 to 24 months, with members shifting between oral pharmacy and medical benefit spend.
- The wide variation in site-of-care pricing creates budget unpredictability, which means that without a strong Stop Loss strategy, financial volatility is inevitable.

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What HM Insurance Group Sees

HM Lung Cancer Experience from 2022-2025

The following trends demonstrate why lung cancer continues to be a high frequency, high severity driver of catastrophic claims and a key consideration in Stop Loss underwriting, renewal strategy, and employer risk planning.



Volume – HM has experienced growing claim frequency and severity across our book of Stop Loss business. Claimant counts for lung cancer increased from 99 in 2022 to 139 in 2024, reflecting rising incidence and improved survival. 2025 numbers remain elevated despite plan year results being immature.



Demographics – Claimants are consistently in their late 50s to early 60s, underscoring the impact on active employee populations, and there is a relatively balanced gender mix.



Cost Observations –

- A significant portion of claims are drug driven, which reinforces the central role of specialty oncology therapies in the overall cost of claims.
- Average total first dollar paid amounts remain substantial, generally in the \$360,000 to \$415,000 range per claimant, even before accounting for longer treatment durations.
- Statistics reflect pressure, with commonly used therapies carrying annual wholesale prices from \$230,000 to more than \$400,000 and dosing variability that adds additional volatility.

HM Insurance Group Lung Cancer Claimant Statistics

	2022	2023	2024	2025*
Number of Claimants	99	122	139	85
Gender Breakdown	Male – 50.5% Female – 49.5%	Male – 52.0% Female – 48.0%	Male – 45.3% Female – 54.7%	Male – 44.7% Female – 55.3%
Average Age	59.1	60.5	60.9	58.3
Percent of Cases That Are at Least 50% Drug Driven	66.7%	65.6%	51.0%	57.6%
Average Total First Dollar Paid for Plan Year	\$415,000	\$391,000	\$362,000	\$400,000

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

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Most Common Lung Cancer Treatments Seen by HM from 2022-2025

Therapy	Yearly Average Wholesale Price
Keytruda®	\$230,000
Imfinzi®*	\$275,000+
Tagrisso®	\$265,000
Tecentriq®	\$245,000+
Rybrevant®*	\$400,000+

*Doses for Imfinzi and Rybrevant are based on the weight of the patient; costs can be higher depending on actual dosing.

What Can Be Done to Help Manage Costs

As lung cancer treatments become more advanced and widely used across the care continuum, the financial exposure for self-funded employers grows accordingly.

Effective risk mitigation requires a proactive approach that aligns medical and pharmacy management to identify high-cost claims early through defined triggers that may include diagnosis alerts and 50% specific deductible thresholds paired with timely case management outreach.

Clear coverage policies for molecular testing, immunotherapy protocols, and step through requirements help to guide appropriate utilization, while active site of care management steers infusion services to lower cost settings when clinically appropriate. Together with purpose-built Stop Loss protection, these strategies are essential in reducing volatility and maintaining stability amid rising oncology claim costs.

Contact HMParmacyServices@hmig.com to learn more.

HMConnects™

As part of the HMConnects cost containment program, HM Insurance Group (HM) works to support cost management opportunities around the use of high-cost pharmaceutical treatment options that can impact our clients' bottom line. The Pharmacy Operations (RxOps) team watches the market – and our book of business – to anticipate how current and future advancements will impact financial risk levels for HM's client base. Standard practices include reviewing, auditing and collaborating on the content of current policies, monitoring trends and implementing appropriate cost savings techniques. Additional practices include the prevention of stockpiling, working to ensure prescriptions are filled via in-network pharmacies and assessing to determine if patients are properly dosed based on weight and lab values when appropriate. All of these services are provided to HM's clients at no additional cost to them.



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

References: ¹American Cancer Society. (2023). Cancer facts & figures 2023: Special section—Lung cancer; ²Reck, M., Rodríguez Abreu, D., Robinson, A. G., Hui, R., Csósz, T., Fülöp, A., et al. (2021). Five-year outcomes with pembrolizumab versus chemotherapy for metastatic non-small cell lung cancer with PD L1 tumor proportion score ≥50%. *Journal of Clinical Oncology*, 39(21), 2339–2349; ³Goldstraw, P., Chansky, K., Crowley, J., Rami Porta, R., Asamura, H., Eberhardt, W. E. E., ... International Association for the Study of Lung Cancer Staging and Prognostic Factors Committee. (2019). The IASLC lung cancer staging project: Proposals for revision of the TNM stage groupings in the forthcoming (8th) edition of the TNM classification for lung cancer. *Journal of Thoracic Oncology*, 14(1), 39–51.; ⁴IQVIA Institute for Human Data Science. (2023). Global oncology trends 2023. IQVIA. <https://www.iqvia.com/insights/the-iqvia-institute/reports-and-publications/reports/global-oncology-trends-2023>

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