

Insight Bulletin

NHS to Reduce Funding for Cancer Drugs

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Ahead of World Cancer Day on 4 February 2015, NHS England has announced plans to withdraw funding for 25 cancer drugs - are you prepared for the potential impact on your organisation?

In a controversial move, the NHS has recently announced that it will no longer fund twenty five different cancer drugs in England from 12 March, with some drugs restricted, and some removed altogether (current courses of treatment will be allowed to continue).

The biggest impact is likely to be from the removal of funding for Avastin for advanced bowel cancer, where it has been estimated more than 7,700 patients will lose out. The charity "Beating Bowel Cancer" suggests that 65% of patients with advanced bowel cancer will now face the probability of an earlier death.

The Reason for the Loss of Funding

Cancer is unarguably an emotive subject matter. The natural inclination is to support patients with whatever medical resources are available, but cost and sustainability are depressing real-life factors that cannot be ignored. The restriction to drug availability is designed to save the NHS some £80m a year, and comes after it emerged that the £280m Cancer Drugs Fund is projected to run £100m over budget in 2014/15.

The Fear of Cancer

The question of how this will affect your employees (and therefore your benefit strategy) is an important one, given that the value that employees place on comprehensive cancer care as a benefit cannot be overstated. According to Cancer Research UK, cancer is the number one fear for the British public; ahead of debt,

knife crime, Alzheimer's disease or even losing their job. This is perhaps unsurprising given that, in the UK, more than 1 in 3 of us will develop some form of cancer in our lifetime and it will be the cause of over a quarter of deaths. The latest available figures suggest that 440 people in the UK will die from cancer today, approximately one person every four minutes.

How will this affect the private healthcare market?

Within the private healthcare market, cancer coverage is broad, with insurers not restricted by many of the policies adopted by the NHS. Insurers differ in approach, with some offering the "gold standard" of cancer cover (including palliative treatment once the cancer is judged terminal, and even benefit for wigs and external prostheses). Others restrict benefit to "active treatment only", meaning that the benefit is only available for treatments aimed at curing or shrinking the cancer, with no treatment available once a cure is no longer clinically judged to be a possibility. It is still relatively rare to see a private medical insurance scheme in place where cancer treatment is excluded from the benefit schedule altogether.

Even though availability of drugs tends to be less restricted under private medical insurance schemes, the cost sustainability of some drugs and treatments is an ongoing cause for concern for both insurers and for corporate entities offering healthcare benefits. While the number of cancer claims remains relatively low, the cost of the individual claims has been increasing. In five years, cancer claims cost has gone up from about 15% of scheme spend to an average of 20%.

Some drug programmes can cost tens of thousands of pounds for one cycle of treatment, and any employer who has experienced a high cost cancer claim on their scheme will recognise the impact it has on subsequent years' premiums.

It seems likely that the impending change will increase claims within the traditional private medical insurance sector, although we can only speculate as to the extent of the impact at this stage. Certainly it is true that, historically, many patients have chosen to use the NHS even when they are insured privately, because of the easy access to and high quality of NHS treatment. The question is whether this will continue when drug funding by the NHS is reduced.

Find Out More

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We would encourage you to consider a change in your approach to providing benefits. Where currently private medical insurance is often offered only to upper grades of management, you may want to open up a benefit offering to all staff. Even where budget is limited, there are low cost options (for example cancer cash benefits, providing a lump sum pay out on diagnosis) which can be made available on a flex or company pay basis.

It is also worth considering making NHS "top up" products available to employees. In 2011 Professor Sir Mike Richards (National Cancer Director at the Department of Health) confirmed that there is no reason why NHS and private treatment cannot be combined. This would provide a workable solution to those marginalised by impending and future NHS policy.

Finally, the causes of cancer need to be addressed. By addressing poor lifestyle choices (e.g. smoking, diet, and alcohol consumption) we can reduce the prevalence of cancer in the UK. The key is to have a comprehensive wellness strategy that increases engagement in health programmes, and develops a culture of wellbeing throughout your business.

Cancer Research UK estimates that in the last 5 years almost 600,000 cancer cases in the UK could have been prevented. According to a study by Oxford University, the NHS spend on Cancer each year is a lot less than the economic cost, in terms of loss of earnings for patients and those that give up work to look after them.

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