

Cancer patients prefer risky treatments with larger rewards to 'safe bets'

April 9 2012

A new analysis provides a closer look at how much cancer patients value hope — with important implications for how insurers value treatment, particularly in end-of-life care.

The analysis led by Darius Lakdawalla, director of research at the Schaeffer Center at USC and associate professor in the USC Price School of Public Policy, surveyed 150 [cancer](#) patients currently undergoing treatment, and is part of a special issue on cancer spending from the journal *Health Affairs*.

Lakdawalla and his co-authors found the overwhelming majority of cancer patients prefer riskier treatments that offer the possibility of longer survival over safer treatments: 77 percent of cancer patients said they would rather take a "hopeful gamble" — treatments that offer a 50/50 chance of either adding three years or no additional survival — to "safe bet" treatments that would keep them alive for 18 months, but no longer.

"Consumers tend to dislike risk, and researchers and policy makers have generally assumed that patients care about the average gain in survival," Lakdawalla said. "But patients facing a fatal disease with relatively short remaining life expectancy may have less to lose and be more willing to swing for the fences. This analysis points to the larger ideal — that value should be defined from the viewpoint of the patient."

John A. Romley, an economist with the Schaeffer Center at USC; Yuri

Sanchez of health care consulting firm Precision Health Economics; Ross MacLean and John Penrod of Bristol-Myers Squibb; and Tomas Philipson of the University of Chicago and Senior Fellow at the Schaeffer Center at USC, were co-authors on the study.

The study is one of several in the special issue of the journal *Health Affairs*, sponsored by Bristol-Myers Squibb and the Schaeffer Center at USC, that look at cancer spending and assess the value of treatments which can cost thousands of dollars yet might offer patients with a terminal illness the hope of staying alive longer. Taken together, the articles provide additional considerations for policymakers, patients, providers and others as to when a high-cost treatment is 'worth' the price.

Other papers from the Schaeffer Center at USC in the issue of *Health Affairs*:

- Tomas Philipson, Senior Fellow at the Schaeffer Center at USC and Daniel Levin Chair in Public Policy at the University of Chicago, and his coauthors, looked at the higher cost system of cancer treatment in the United States and compared it to care in ten European countries from 1983-1999.

The United States spends more on cancer care than European countries, but the analysis suggests that this investment also generates a greater 'value' for US patients who typically live nearly two years longer than their European counterparts.

For most cancer types, U.S. cancer patients lived longer than their European counterparts, according to the results in the Health Affairs paper. [Cancer patients](#) diagnosed from 1995 to 1999 lived 11.1 years after diagnosis in the United States, on average, compared to 9.3 years after diagnosis in Europe.

This analysis suggests that the higher-cost U.S. system of cancer care delivery may be worth it, say the authors, although further research is required to determine what specific tools or treatments are driving improved cancer survival in the United States.

Michael Eber of Precision Health Economics, Lakdawalla of the Schaeffer Center at USC, Mitra Corral of Bristol Myers-Squibb, Rena Conti of the University of Chicago, and Dana Goldman, director of the Schaeffer Center at USC and Norman Topping Chair in Medicine and Public Policy at USC, were co-authors of the study.

- Healthy people are willing to pay more for generous coverage of high-cost drugs that treat cancer and other serious diseases, according to research led John A. Romley, an economist with the Schaeffer Center at USC and research assistant professor at the USC Price School of Public Policy.

On average, healthy people were willing to pay an extra \$12.94 per month for better coverage of high-cost drugs. The cost of covering specialty drugs is about \$5 per month—meaning respondents were willing to pay \$2.58 in health care premiums for every dollar in out-of-pocket costs on a less generous insurance plan.

"If sick patients faced with the full cost of care decline to undergo treatment, one might conclude that these treatments are not "worth it"," Romley said. "But our study shows that healthy individuals apparently dislike the financial risk associated with future treatment enough to finance the average cost of coverage across all beneficiaries – indeed, they're willing to pay more than the actual cost for coverage, suggesting that the value they place

on it exceeds what it costs to provide."

Provided by University of Southern California

Citation: Cancer patients prefer risky treatments with larger rewards to 'safe bets' (2012, April 9)
retrieved 25 April 2024 from

<https://medicalxpress.com/news/2012-04-cancer-patients-risky-treatments-larger.html>

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