

HOPD-Infused Oncology Medicines Markup by MSAs and State

As reported in *EBRI Issue Brief* no. 498, “[Cost Differences for Oncology Medicines Based on Site of Treatment](#),” we concluded that higher prices charged by hospital outpatient departments (HOPDs) were the primary driver of increased infused oncology medicine costs relative to physicians’ offices (POs) for the same care. Specifically, using 2016 IBM MarketScan® claims data, we deconstructed spending on the top 37 outpatient-infused oncology medications into 3 components: drug mix, treatment intensity, and price per unit. In addition to comparing averages of these measures across site-of-care, we accounted for any differences in treatment type and treatment intensity by holding both variables constant and calculated the theoretical annual spending amount per patient that would have prevailed had HOPDs charged the same price per unit of drug as POs.

Our main findings pertain to the average infused oncology medicine costs per patient in our national dataset. One would expect results to vary substantially at finer levels of geography — due to differences in supply and demand characteristics (e.g., number of providers, HOPD vs. PO market power, practice patterns, and patient preferences). Consequently, we re-analyzed our data by state and metropolitan statistical area (MSA) and displayed the results in this [custom data visualization tool](#). To bolster power, we pooled 2 years of MarketScan® data (2016 and 2017) and inflated all costs to 2019 dollars. All other methods were identical to the prior work. Due to privacy concerns and other data presentation constraints, we are only able to report on 40 states and 101 MSAs.

We find that while the share of patients treated in HOPDs was on average 48 percent, it ranged from 10 percent to 93 percent across MSAs and 8 percent to 85 percent across states. Relative treatment intensity (HOPD vs. PO) also varied widely across MSAs (27 percent to 271 percent) and states (9 percent to 273 percent). The percentage difference in price per unit ranged from 70 percent to 378 percent (MSAs) and 100 percent to 353 percent (states). Finally, on average, the percentage difference in theoretical payments that held oncology medicine type and intensity constant (counterfactual) compared with actual payments in HOPDs was 223 percent but also varied considerably across MSAs (111 percent to 496 percent) and states (103 percent to 434 percent).

These findings have significant implications for private third-party payers, including employers and commercial insurers. Over one year, employers and insurers could save an average of \$9,766 per covered cancer patient if they paid PO prices rather than HOPD prices for infused cancer therapy. Given that nearly half of oncology therapy takes place in HOPDs, employers could cut their drug costs by shifting patients to PO settings without necessarily affecting quality of care.

The EBRI report, “Cost Differences for Oncology Medicines Based on Site of Treatment,” is published as the January 16, 2020, *EBRI Issue Brief* and is available online [here](#).

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