Out-of-Pocket Spending Limits Are Crucial for Cancer Patients & Survivors

Many patients with complex diseases like cancer find it difficult to afford their treatments – even when they have health insurance. Current law establishes a limit on what most private insurance plans can require enrollees to pay in out-of-pocket costs.[1] These limits protect patients from extremely high costs and are essential to any health care system that works for cancer patients and survivors.

What is a Maximum Out-of-Pocket Limit (MOOP)?

Out-of-pocket costs are the costs enrollees pay directly for their healthcare. The three most common types of out-of-pocket costs are:

- Co-pays – a fixed amount an enrollee pays for a doctor's visit, prescription drug or other type of medical care. For example, a cancer patient pays $20 every time she sees her primary care physician, and $30 every time she sees her oncologist, who is considered a specialist.
- Co-insurance – a fixed percentage of the total cost of a treatment an enrollee pays. For example, a cancer drug costs $100 total per prescription filled and the patient's plan has a 20 percent co-insurance. The patient would pay $20 for her drug.
- Pre-deductible expenses – if a patient has a deductible, he is responsible for most healthcare costs in full until he has paid the deductible amount. For example, if a cancer patient has a $2,000 deductible he must pay the full cost of his doctor's fees and the costs of tests until he has paid $2,000. After he meets his deductible, the plan covers the cost of products and services but may still charge a part of the cost to the patient in the form of co-pays or co-insurance.

A maximum out-of-pocket limit (sometimes referred to as "MOOP") is the most patients have to pay directly for their health care expenses in a plan year. MOOPs are established in federal law and change every year. In 2021, the limit for an individual plan is $8,550 and the limit for a family plan is $17,100.[2] Note that premium costs are not included in this limit, and that the limit for an individual applies even if they are part of a family plan.[3] Also note this limit does not apply to expenses for non-covered or out-of-network services.

Why Are Out-of-Pocket Limits Crucial for Cancer Patients and Survivors?

Cancer treatment is often complex and lasts many months or years, involving numerous doctor's visits, tests, surgeries, radiation treatments, drugs and other services. Cancer patients often meet their deductible soon after diagnosis because of all of their required tests, procedures and the co-pays and co-insurance costs quickly add up after that. As health care costs continue to rise and plans use co-insurance more, patients are responsible for significant costs even after they have met their deductible. A 2020 ACS CAN report on The Costs of Cancer showed that cancer patients typically reach their out-of-pocket maximums in the first 1-3 months after a positive screening test, and that without out-of-pocket maximums, many cancer patients would be responsible for treatments costs in the tens-of-thousands of dollars.[4] Many already have great difficulty affording their costs before meeting the maximum.

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[1] This protection does not apply to individuals who are enrolled in a "grandfathered" health insurance plan.

[2] U.S. Department of Health and Human Services. Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2018; Amendments to Special Enrollment Periods and the Consumer Operated and Oriented Plan Program. 81 FR 94058. Available at:

https://www.federalregister.gov/documents/2016/12/22/2016-30433/patient-protection-and-affordable-care-act-hhs-notice-of-benefit-and-payment-parameters-for-2018

[3] Under current rules, the MOOP applies to each individual, regardless of whether they are part of a family policy.

Example: Jane has a family policy that covers her and her two children, Rocky and Catherine. The policy has an individual limit of $6,300 (which is below the maximum limit set by CMS) and a family limit of $13,000 (below the limit set by CMS). In January, Jane has an accident which results in a $10,000 hospital stay and then in June Rocky undergoes a surgical procedure and incurs $15,000 in health care costs; Catherine incurs no health care costs. Each family member would pay the following in out-of-pocket costs:

- Jane would exceed her out-of-pocket maximum. The most she would pay out of pocket is $6,300.
- Rocky would also exceed his out-of-pocket maximum. The most he would pay out-of-pocket is $4,700. Rocky's out-of-pocket limit would have been $6,300, but since Jane had already incurred $6,300 towards the family's $11,000 cap, Rocky's maximum out-of-pocket costs could be no more than the difference between Jane's out-of-pocket maximum and the limit on family coverage.

[4] American Cancer Society Cancer Action Network. The Costs of Cancer: 2020 Edition. October 2020. Available at: www.fightcancer.org/costsofcancer.