showed a decreasing tendency following the introduction of organized screening programme.

**A PREVALENCE-BASED ECONOMIC ANALYSIS OF THE GROWTH IN CANCER TREATMENT SPENDING IN THE UNITED STATES**

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**OBJECTIVE:** The cost of illness due to cancer is substantial in terms of both human suffering and economic resources. The growth in cancer treatment spending in the United States is due in large part to increases in survival and cancer prevalence. The objective of this study is to analyze the growth in spending on direct medical costs for cancer treatment using a prevalence-based cost-of-illness approach. Direct costs include personal health care expenditures for hospital and nursing home care, physician and other professional services, drugs, and home care. METHODS: Estimates for cancer prevalence counts in the year 2004 were derived by applying U.S. Census population data to National Cancer Institute Surveillance Epidemiology and End Results (SEER 9) and historical Connecticut Limited Duration Prevalence proportions. Cancer treatment cost estimates were based on Centers for Medicare & Medicaid Services projections for total 2005 health expenditures by type of direct costs, and the National Center for Health Statistic’s methodology for calculating direct costs for major diagnostic groups. Cancer treatment spending and national health care expenditure values were adjusted to year 2005 dollars using the Consumer Price Index—All Urban Consumers. RESULTS: From 1985 to 2004, inflation adjusted per-capita national health care expenditures increased 70%, while inflation adjusted cancer treatment spending per prevalent case increased 16%. In 2004, cancer spending per prevalent case ($6862) was on par with per-capita total health care spending ($6492). CONCLUSION: Per-capita health care spending has increased significantly over the past two decades in comparison to cancer spending per prevalent case. Prevalence-based costing acknowledges that the direct costs of cancer care in any given year are attributable to new and previously diagnosed cancer patients. Our analysis underscores the importance of evaluating spending on cancer care in the context of overall health care spending, cancer survival rates, and disease prevalence.

**THE WAR ON CANCER: AN ECONOMIC EVALUATION OF RECENT GAINS IN CANCER SURVIVAL**

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**OBJECTIVE:** Cancer continues to be a leading cause of death, but the last few decades have seen many changes in the diagnosis and treatment of the disease. In this study, we estimate the economic value of gains in cancer survival over the last 20 years, separate these gains into the portions due to improvements in treatment and detection, and determine the extent to which the economic value of gains in cancer survival have been divided between patients and firms. METHODS: Using methodology developed by Philipson and Jena (2003), we estimated the economic value of gains in cancer survival between 1990 and 2000. We then used estimates from the literature to calculate expenditures on cancer treatment, thereby allowing us to determine how the social value of gains in cancer treatment has been divided between patients and firms. RESULTS: The value of survival gains for all cancers combined was worth roughly $28,000-$30,000 per cancer patient, and most (78-88%) of this gain has been driven by improvements in treatment. For all cancers combined, improvements in cancer survival between 1990 and 2000 had a social value of roughly $1.6-$1.9 trillion, and health care providers were able to appropriate 6-19% of this total, with the rest accruing to patients. CONCLUSION: The social value of recent gains in cancer survival is very large. Most of this gain has been driven by improvements in cancer treatment, and has been appropriated by patients, not health care providers.