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Title: Does the Introduction of Oral Chemotherapy Drug Parity Laws Influence Health Outcomes Among Cancer Patients?

Abstract:

We investigate the effect of oral chemotherapy drug parity laws which allows for equal coverage of oral chemotherapy drugs as the intravenous chemotherapy drugs in health plans on cancer mortality. To this end, we use publicly available 1999 to 2014 Vital Statistics data on mortality from the United States. Applying a difference-in-differences approach, our results suggest that a more moderate parity law, the mandate parity law which requires insurers to provide equal access to the oral drugs without requiring equal costs as the intravenous drugs for the insured, reduces overall cancer mortality rates in the implementing states. Stricter parity laws, such as the maximum-cost and the require parity laws which required insurers to provide coverage of the oral drugs at certain costs or at equal cost to the intravenous drugs, do not reduce the overall cancer mortality rates in the implemented states due to the health insurance displacement effect which the insurers drop the insured who are of higher cancer risks. Our results are robust to various falsification tests and specifications. Overall, our findings show that parity laws can be an effective tool in reducing the costs of cancer mortality.