

KNOW YOUR BENEFITS



Understanding Cell and Gene Therapy Costs and Coverage



Cell and gene therapies (CGTs) are among the most advanced medical innovations available today, offering potential cures for rare, severe and historically hard-to-treat diseases. As a patient, this means that more advanced treatments are available than ever before for you and your loved ones. However, with innovation comes complexity. CGTs can cost hundreds of thousands to several million dollars, challenging both traditional insurance systems and employer health plans. With more CGTs approved by the U.S. Food and Drug Administration every year, they are becoming an important part of modern health care and treatment for patients. Understanding how these therapies are paid for can help individuals prepare for the future.

This article explains CGT, its costs and coverage.

Overview of CGT

CGTs represent a rapidly advancing class of innovative treatments designed to address disease at a fundamental biological level. Cell therapy involves administering living cells—sourced from the patient, a donor or engineered in a laboratory—to restore, replace or enhance cellular function. A well-known example of cell therapy is chimeric antigen receptor (CAR) T-cell therapy, in which a patient's immune cells are genetically engineered to recognize and destroy cancer cells, particularly in certain blood cancers.

By contrast, gene therapy uses genetic material to modify or correct faulty genes that cause disease. These therapies are typically delivered via injection or intravenous infusion in specialized clinical settings due to their complex manufacturing, handling and monitoring requirements. Gene therapies aim to address the root genetic cause of disease by delivering functional genes, silencing harmful ones or editing DNA within cells, offering potential long-term or curative benefits for inherited conditions such as sickle cell disease. Together, CGTs represent a transformative, rapidly evolving area of medicine with the potential to treat serious, previously incurable diseases.

The Cost of CGT

Many cell-based immunotherapies fall into the \$400,000 to \$500,000 range. For example, CAR T-cell therapy treatments can range from \$300,000 to \$475,000, according to the American Cancer Society. Gene therapies can be priced between \$1 million and \$3 million per treatment. These figures do not include the costs of hospital admission, tests, procedures and other expenses.

Much of this treatment cost stems from the complexity of developing and manufacturing the therapies themselves. Many CGTs are tailored to individual patients, requiring intricate processes such as tissue procurement, cell modification and specialized laboratory environments. Another factor driving cost is the “one and done” nature of many CGTs. Unlike traditional treatments that spread costs over months or years, CGTs concentrate their value and expense into a single point in time.

CGT Coverage

Because CGTs are so costly and often target rare diseases, coverage is not always straightforward. Employer-sponsored health plans, insurers and public programs all confront uncertainties in predicting when claims will occur and how to budget for them.

Outcomes-based Agreements

Public programs are also adapting. Medicaid agencies have historically struggled to pay for multimillion-dollar therapies, prompting the U.S. Centers for Medicare & Medicaid Services (CMS) to launch the CGT Access Model, a multiyear initiative allowing states to negotiate outcomes-based agreements with manufacturers. This model is designed to expand Medicaid coverage for high-cost sickle treatments. This outcomes-based payment approach ties reimbursement to treatment effectiveness, aiming to reduce financial risk while improving access to transformative CGTs (e.g., Casgevy and Lyfgenia) that cost millions. The CMS estimates that 50%-60% of people with sickle cell in the United States have Medicaid coverage, and that the participating states represent about 84% of Medicaid beneficiaries with the condition. While the initial focus of the model is access to gene therapy treatments for people living with sickle cell disease, a genetic blood disorder, other conditions may be added to the model over time.

Enhanced Government Reimbursement Models

Even Medicare is revising its reimbursement structure. Proposed changes include bundling certain preparatory procedures into overall therapy payment and increasing temporary add-on payments for new CGTs—up to 75% of the therapy's cost during the early adoption phase—before transitioning back to standard reimbursement levels. These changes reflect an effort to keep pace with rapid innovation while maintaining affordability.

Multipayer and Employer Risk Pools

Private insurers and employer health plans are exploring pooled risk mechanisms to distribute the financial impact of million-dollar CGT claims across larger groups. Such arrangements help reduce volatility and protect individual employers from sudden, budget-breaking costs. In a supplemental risk pool, a sponsor carves out CGT coverage for its members and contributes a per-member-per-month fee to a third party. This fee would be lower than existing risk pooling since it would be covered by an entity and open across health plan provider networks.

Conclusion

CGTs hold promise for individuals facing some of the most challenging medical conditions, including cancer. The technology's ability to provide long-lasting or even curative benefits represents a turning point in health care. Despite this promise, CGTs are expensive, difficult to budget for and often require specialized treatment pathways. Furthermore, individuals seeking CGTs often require extensive care coordination, prior authorizations and documentation to secure approval. Employer-sponsored coverage varies significantly, and access can depend on diagnosis, disease severity, treatment center availability and plan design.

Fortunately, the health care system is evolving. From the CMS's CGT Access Model to employer risk pooling strategies and outcomes-based contracts, new payment models are emerging to help make CGTs more accessible and affordable. As payment structures mature, employees and individuals should expect greater clarity, more consistent coverage strategies and improved access to these therapies.

For now, understanding the CGT market can empower individuals to navigate decisions with confidence. Speak with HR for more information about your benefits and coverage.