

Weight loss medication coverage: A guide for employers and health plans

Our pharmacy expert, Katherine Shanahan, along with our team of health care innovators reflect on their latest data-driven findings and share the five steps health plans and employers can take to better manage new GLP-1 weight loss medications.



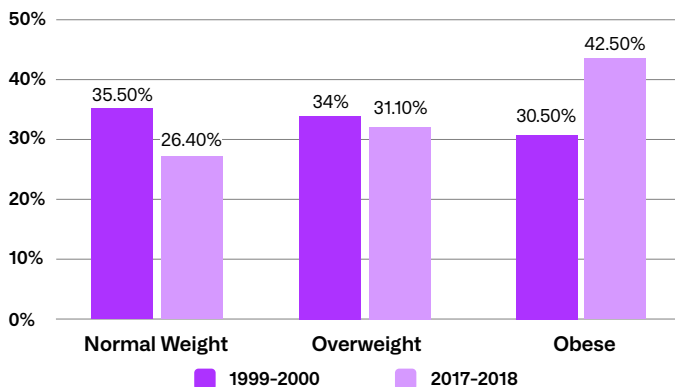
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Weight. It's a topic that every single person has a perspective on, and for many, it's an everyday challenge. Whether trying to gain, maintain, or lose weight, ads for different medications, supplements, recipes, and workout regimens fill our newsfeeds. But despite all the diet fads and recipe trends, obesity has continued to significantly increase over the last two decades, according to the CDC.¹ And while obesity isn't a new concept, the way we think about, treat, and prevent it has all drastically changed as new treatments, innovations, and regulations continue to emerge.

National health and nutrition examination survey results: Distribution of adults, aged 20+, by BMI¹



The rise in obesity has had significant clinical and economic impact. The US now spends an estimated \$173 billion in obesity-related healthcare annually.² These costs are attributed to both weight loss treatments (nutritionist visits, drug intervention, bariatric surgery, etc.) and correlated comorbid chronic conditions (diabetes, hypertension, cardiovascular disease, stroke, depression, some types of cancer, etc.).

Looking at data from [MarketScan by Merative](#), the Kaiser Family Foundation found that enrollees with an obesity diagnosis have an average annual health care spend of nearly \$8k more than enrollees without a diagnosis.³ On top of that, obesity has also been found to negatively impact worker productivity and bottom-

line. A study presented at the Endocrine Society 2023 Annual Meeting looked at MarketScan health and productivity data and found that employees with obesity have a higher number of days of absenteeism and a higher rate of disability and worker's compensation claims, resulting in higher wage replacement costs due to absence.

Annual cost impact on employers for employees with obesity compared to employees with normal weight⁴

\$891 more due to absenteeism

\$623 more due to short-term disability

\$41 more due to long-term disability

\$112 more due to worker's compensation

These findings not only reiterate the urgent need to reduce population rates of obesity, but also the need for health plans and employers to continue to innovate and provide more effective programs for members and employees.

With all this data pointing towards the rising cost of obesity-related outcomes, it's no surprise that payers are looking for additional ways to support and encourage their populations to maintain a healthy weight, while they maintain a healthy bottom-line. While this whitepaper primarily focuses on GLP-1 diabetes and weight loss medications, many payers also provide various wellbeing initiatives such as fitness memberships, nutrition guides, healthy workplace benefits, and lifestyle management programs.

Weight loss medication overview

GLP-1 medications (glucagon-like peptide 1 receptor agonists) are gaining interest among consumers and physicians as a highly-effective treatment class, leading to a substantial jump in use over the last few years. Over the past year on [Micromedex](#), Merative’s pharmacologic library and information resource for clinicians, semaglutide (the active drug in Ozempic) has been the most viewed page and Ozempic has been the second most-searched keyword – further highlighting the steady increase in demand.

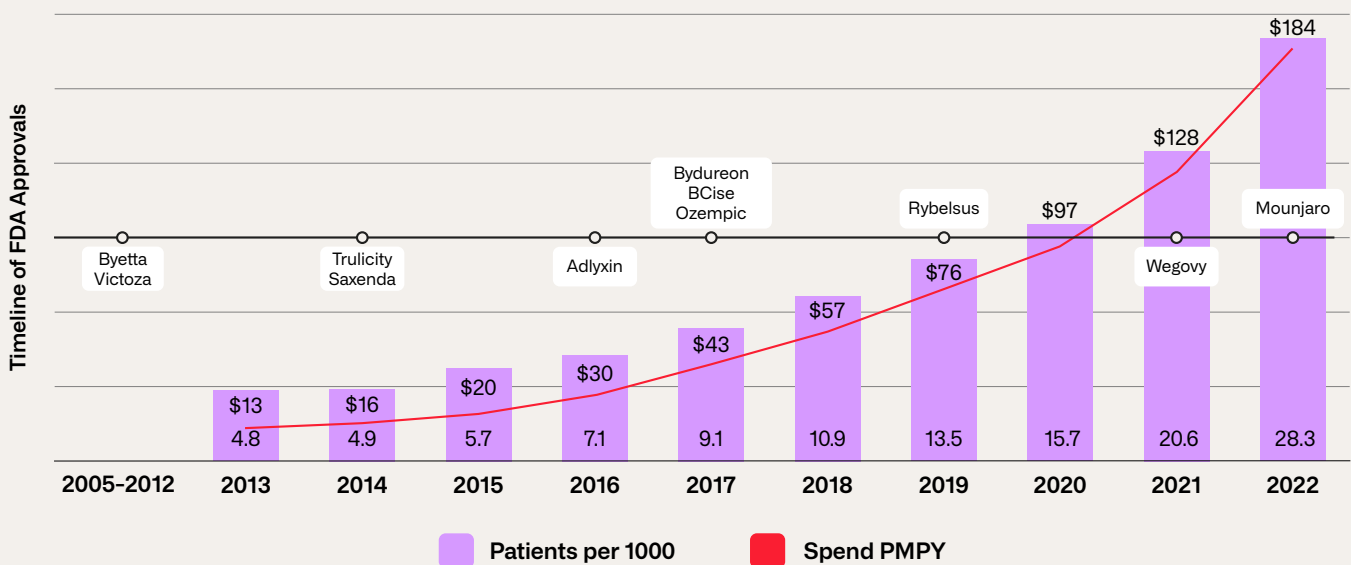
Currently, all available GLP-1 medications are injectable and can be divided into two groups based on their prescribed indication – those prescribed for type 2 diabetes and those used for weight loss. GLP-1s prescribed for diabetes were the first to market, with Byetta first approved back in 2005, replaced with an extended-release version since. As these medications became a staple for diabetes treatment, a compelling side effect was witnessed – weight loss, thus igniting consumer demand. With the heightened demand for these drugs, employers and health plans are making thoughtful considerations on if and how they may cover this expanding class of medications.

Our team of healthcare experts dove into MarketScan data using Treatment Pathways, a MarketScan business intelligence solution, and found that from 2013 to 2022, GLP-1 drug patients grew from 4.8 per 1000 members to 28.3. This is a compound annual growth rate (CAGR) of 22%. Likewise, spend on these medications grew from \$13 allowed PMPY to \$184; a CAGR of 35% over that same time period.⁵

GLP-1 medications as of July 2023

Brand name	Generic name	Indication	Drug class
Victoza	Liraglutide	Diabetes	GLP-1
Saxenda	Liraglutide	Weight management	GLP-1
Bydureon BCise	Exenatide ER	Diabetes	GLP-1
Trulicity	Dulaglutide	Diabetes	GLP-1
Adlyxin	Lixisenatide	Diabetes	GLP-1
Ozempic	Semaglutide	Diabetes	GLP-1
Rybelsus	Semaglutide	Diabetes	GLP-1
Wegovy	Semaglutide	Weight management	GLP-1
Mounjaro	Tirzepatide	Diabetes	GIP / GLP-1

GLP-1 drug trends: 2013 - 2022



Clinical benefits of weight loss medications

Although the mechanism by which GLP-1s lead to weight loss is not entirely understood, these medications do curb hunger by slowing the movement of food from the stomach to the small intestine. They also help promote fullness and satisfaction by suppressing glucagon hormones. Clinical trials conducted on Saxenda (liraglutide) and Wegovy (semaglutide) can help demonstrate the impact on patient weight. Clinical trial data shows that patients taking Saxenda, in addition to lifestyle modification, lost 5.6kg (or about 12lbs) more than the placebo group.⁶ Whereas patients on Wegovy, also in addition to lifestyle modification, lost 12.4kg (or around 27lbs) more than the placebo group.⁷

Interestingly, in a follow-up study on semaglutide, the impact of medication persistence was evaluated. This study showed that ceasing treatment resulted in the regain of weight. In this trial, patients took semaglutide for 20 weeks, then were split into two study groups. One group continued semaglutide treatment and

the other was switched to a placebo. Over the next 48 weeks, the semaglutide continuation group continued to lose weight (an additional 7.9% loss) while the placebo group regained weight (increasing 6.9% from the 20-week mark).⁸ This shows that to maintain clinical outcomes for GLP-1 medication-assisted weight loss, patients must remain on the medication and commit to long-term treatment.

Downstream clinical and comorbidity benefits of weight loss treatment will vary based on a patient's starting weight and the percentage of weight lost during treatment. For example, diabetes prevention could be achieved with as little as 2.5% of body weight loss, but is more likely to be achieved around 10% of body weight loss. Meanwhile, type-2 diabetes, hypertension, and dyslipidemia clinical improvements are more likely with 15% or more body weight loss.⁹ These benchmarks can help payers set data-driven goals with their benefit strategies and track their population's progress towards better health.

Economic benefits of weight loss medications

The economic benefits of weight loss medications are still preliminary as their use has only picked up in recent years. While more time is needed to understand long-term clinical outcomes and productivity impact, initial health care outcomes are looking positive.

In a study conducted with MarketScan data, researchers looked at a population of patients with obesity, ages 18-63, with a BMI greater than or equal to 30. This population was then split into two cohorts based on whether they began a weight loss medication during the study timeframe.* The analysis found that by the second year of treatment, patients that began a weight loss medication saw significant savings year-over-year compared to patients that didn't take a weight loss drug.

While more studies are needed on the economic and clinical implications of GLP-1 use for weight loss in a commercially insured population, these findings are early evidence that weight loss drug treatments not only help provide a reduction in weight, but also may help reduce the economic burden associated with obesity.

\$1,323 to \$2,766

Was the average year-over-year range of healthcare cost savings for patients who began a weight loss medication¹⁰

*Weight loss medications included in the study were for long-term use only and included Saxenda (but not Wegovy, as it was not yet on the market). Cost of the medications wasn't included in the outcome measurement.



The future of weight loss medications

A number of new medications are in the drug development pipeline, including a GIP/GLP-1 combo medication and an oral option for weight management.

Tirzepatide, a GLP-1/GIP (glucose-dependent insulinotropic polypeptide) combo drug, is being studied for expansion into weight loss. After 72 weeks of treatment, researchers measured the average loss in body weight by dosage level, detailed in the table on the right. Nearly 60% of patients taking either a 10mg or 15mg dose had a body weight reduction of at least 20%, compared to 3% of the placebo group.¹¹

As mentioned previously, all available weight-loss GLP-1 medications are currently injectable. Needing to inject a medication is a common barrier to patient adherence and persistence. And while receiving medication orally is typically the most preferred method, is it effective with weight loss? Research published in mid-2023 shows that oral semaglutide led to an average 15.1% reduction in weight compared to 2.4% in a placebo population.¹²

Regardless of the active drug or route of administration, payers should expect to see the number of approved weight loss medications continue to grow in the coming years. Providers will be eager to match the right medication to the right patient, therefore payers should consider broad coverage of these drugs to allow for the best clinical option for every individual.

Examples of GLP-1 weight loss medications in the pipeline

Generic name	Drug class	Route of administration	Clinical trial results	Related products
Tirzepatide	GIP/GLP-1	Injection (inj)	After 72 weeks, 5mg: -15% in body weight 10mg: -19.5% in body weight 15mg: -20.9% in body weight	Mounjaro (inj)
Semaglutide	GLP-1	Oral	After 68 weeks, -15.1% in body weight	Ozempic (inj), Wegovy (inj), Rybelsus (oral)

Employers and health plans should expect to see the number of approved weight loss medications continue to grow in the coming years.

How employers and health plans are responding

While diabetes-specific GLP-1s have been pretty universally adopted onto formularies, the response from health plans and employers is mixed when it comes to the coverage of GLP-1 weight loss medications. Some payers see these medications as “lifestyle drugs” or “low value” and feel coverage is unnecessary. Others are formulating strategies on how to best embed these medications into a culture of wellness – aiming to delay and/or prevent future chronic conditions. A survey from the International Foundation of Employee Benefit Plans found that while 45% of employers cover bariatric surgery and 32% cover weight management programs, only 22% say they plan to cover weight loss medications.¹³

Despite higher efficacy, this debate is likely driven by the high cost of GLP-1s compared to historic weight loss drug treatments. In 2022, the average annual spend per patient on weight-loss specific GLP-1s was \$5,848 (or \$40 per treatment day with average utilization of 146 days).⁵ Because of this high cost and low rate of coverage, off-label use of GLP-1s is increasing. Since some diabetes-specific medications have the same active ingredient as weight-loss specific medications, it’s likely many people are using off-label, diabetes-specific medication in place of the weight-loss specific medication.

In the first half of 2023, we’ve seen payers and Pharmacy Benefit Managers (PBMs) push back on off-label use by adding prior authorization criteria to diabetes-specific GLP-1s. By requiring a record of a corresponding diabetes diagnosis, payers and PBMs aim to ensure the prescription matches the indication for which the drug was approved for by the FDA.

Many payers are seeing weight loss medications as an investment into the future wellbeing of their population. As with any investment though, payers must carefully consider how to monitor their investments and how to best set up those investments for success. For payers considering the coverage of weight loss medications, most are concerned about identifying patients ready to commit to long-term treatment, tracking their outcomes, and justifying additional cost through downstream prevention of chronic disease progression.

22%

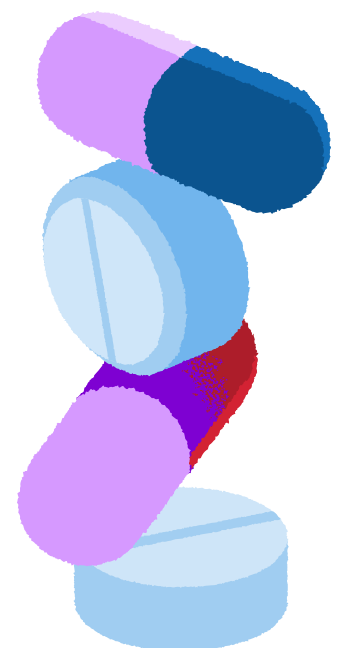
of employers plan to cover weight loss medications

13%

of diabetes-specific GLP-1 medication users did not have a diagnosis for diabetes in 2022, according to MarketScan data.⁵

\$5,848

Average spend per patient on GLP-1 weight loss medications in 2022



Advice for employers and health plans

Looking forward, payers should consider ‘smart coverage’ options for weight loss medications. Similar to prior authorizations and step therapy that exist for other medication classes, this notion of smart coverage uses a data-driven approach to develop a coverage strategy.

This could include prioritizing candidates:

- Who are already making lifestyle changes
- Whose weight loss would lead to significant improvement or prevention of weight-related chronic conditions
- Who have the highest likelihood of remaining adherent and persistent to treatment

Smart coverage should help identify early indicators of whether a patient will use GLP-1 weight loss medications as a tool in their overall weight loss journey or as a patch to replace lifestyle changes.

As seen in the clinical trial data, the best weight loss medication outcomes are tied to lifestyle modifications. By wrapping weight management programs around the coverage of weight loss GLP-1s, payers will have a higher chance of positive outcomes and meaningful clinical changes. To see the same successes that these studies found, payers who cover weight loss medications should consider a requirement to engage with a nutrition and/or exercise coach who can help the patient along this lifestyle change journey.

How can data help?

In addition to getting weight loss medications into the right hands, it’s critical payers track clinical and economic outcomes. Weight and BMI tracking, especially percentage of body weight loss, are the primary indicators of successful weight management therapy and can be benchmarked to predict likelihood of downstream clinical outcomes. Unfortunately, many payers don’t currently collect this information.

For payers who plan to cover weight loss medications, consider collecting an annual biometric record of weight and BMI data. This could be wrapped around an HRA (Health Risk Assessment) incentive, part of annual enrollment, an annual requirement for drug coverage, or encouraged at an onsite or near-site clinic. Payers could also partner with a weight management program to collect a more frequent biometric record. By requiring engagement in a weight management program for the coverage of weight loss medications, payers will not only help support member’s lifestyle changes through nutrition and exercise coaching, but also gain access to a regular feed of weight and/or BMI information to monitor outcomes.

While weight and BMI data are the primary outcome measurements for medication-assisted weight loss therapy, there are several secondary outcome measurements that will be equally important in evaluating the total value of these drugs. By measuring the delay, regression, and/or mitigation of weight-related chronic conditions, payers can more holistically measure the impact of weight-loss therapy. Conditions such as diabetes, hypertension, and dyslipidemia are explicitly named in the prescribing indications for these medications and comparisons should be made against patients who aren’t using weight loss medications. Specifically, evaluating progression patterns and the difference in medical, and drug spend associated with higher disease levels can help plan sponsors justify the cost of these new drugs.

As with other medication treatment regimens, adherence and persistence is critical for GLP-1 weight loss drug treatment. While access to oral options is likely to improve these utilization metrics, payers will need to think critically about how to make sure the right patients gain access to these medications. Requiring eligible patients to engage in lifestyle modification prior to beginning drug treatment, evaluating a patient’s history of adherence and persistence to pharmacologic treatment, and readiness for change questions in an annual HRA survey are all examples of ways for payers to narrow down weight loss drug candidates to those ready for the long-term commitment.

In summary

GLP-1 medications are having a meteoric rise in both utilization and spend driven by successes in diabetic patients and expansion into weight loss treatment. Currently, there are only two GLP-1 products approved for weight loss – Saxenda and Wegovy – however that is expected to change with at least two additional compounds coming to market in the next year. As this drug class continues to expand, payers will need to think critically on whether to cover these medications and how best to align with other benefit offerings to better support health and wellbeing in their populations. For payers considering coverage of GLP-1 weight loss drug treatments, we recommend five steps to best evaluate and justify this investment.

Healthcare analytics platforms, like Health Insights, help you drill down into your population health data to understand specific conditions and the associated costs. See how we help identify significant savings for diabetes with ease.

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5 steps payers can take to prepare for weight loss drug coverage:

- 1 Conduct (or expand) an annual survey, such as an HRA, to understand your population's risks including exercise, nutrition risks, and readiness for lifestyle change.
- 2 Partner with a weight management coaching program as a pre-requisite for weight loss drug coverage.
- 3 Establish a data collection strategy to effectively track the impact of your treatment strategy. Data should be collected at least annually, but we recommend more regular updates to track progress over time and quickly identify gaps and barriers.
- 4 If you're considering covering any GLP-1 weight loss medications, you should consider covering all weight loss medications. Offering broad coverage allows physicians to better match patients to the best product for their individual needs (side effects, likelihood to remain adherent, weight loss goals, etc.).
- 5 Before offering coverage, establish a measurement and reporting strategy to help demonstrate the successes and shortfalls to key stakeholders.

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Not sure where to start? We understand that payers have different philosophies and approaches towards the coverage of weight loss medications - from those who view weight loss medications as a necessary puzzle piece in chronic condition management, to those who are apprehensive about this new treatment class, to those who need insightful guidance on what these new drugs mean for their population. [Contact us](#) to learn how we can help.

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