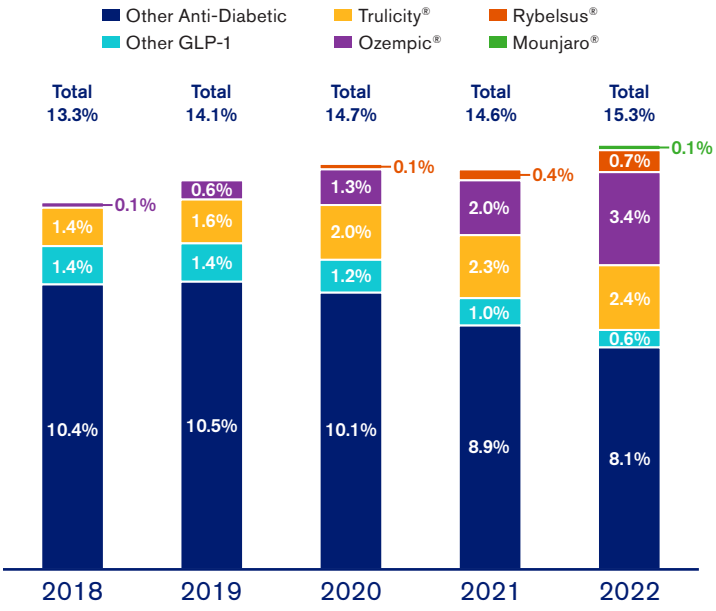
Trends

Statistics and Strategies for Health Plan Sponsors

First Quarter 2023

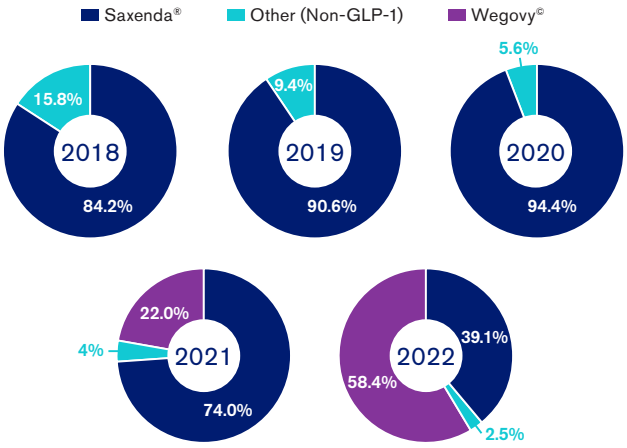
Key statistics

Plan Spending on Anti-Diabetic Medications Associated with Weight Loss Is Rising Steadily



Source: Segal's SHAPE data warehouse, 2018 to 2022

Plan Spending on Weight-Loss Medication Continues to Shift Towards Glucagon-Like Peptide 1s (GLP-1s)



Source: Segal's SHAPE data warehouse, 2018 to 2022

How to manage the rising cost of GLP-1s

Recently, the GLP-1 classification made a big name for itself with the introductions of Ozempic and Wegovy. These new therapies have shown superior results to prior therapies for both weight loss and lowering the A1C (blood sugar) levels of diabetics. While taking these GLP-1 medications has shown to be effective, the increased utilization and high costs are a growing concern for plan sponsors.

GLP-1 drugs in diabetes care

Updated American Diabetes Association (ADA) guidelines now recommend GLP-1 agonists or SGLT-2 inhibitors — another diabetic medication class (e.g., Jardiance®) — to reduce health complications as alternatives to metformin, regardless of A1C level. These medications become especially important for diabetics with known or high risk for cardiovascular disease. Due to this recent update, we are seeing increased utilization.

Obesity and the GLP-1 effect

Growing evidence suggests that even modest amounts of weight loss can lower patient risks of heart disease and other ailments. The ACA requires health plans to offer nutritional counseling and obesity screening and counseling, with no copayment or deductibles, but does not require coverage of obesity-related medications or surgeries. However, healthy eating and exercise are not always enough to control obesity. For those patients, doctors may need to prescribe medicines.

Although many plans do not cover weight-loss medications, these plans are still seeing the effect that the GLP-1 medication class is having on their plan spend. The tremendous growth in this drug class is due to many factors, including the updated ADA recommendation as well as off-label, weight-loss use stemming from social media buzz.

The GLP-1s are providing better weight-loss outcomes than the previous anti-obesity medications (AOMs), with weight-loss results that are about double what older weight-loss drugs achieve.

Segal

Cost-management options

Plan sponsors should consider managing the rising cost of GLP-1s. To help mitigate unnecessary utilization and prevent off-label prescribing of Ozempic, some PBMs are now offering utilization management (UM) to ensure that these drugs are only used for diabetic patients. Some plan sponsors may consider implementing a prior authorization (PA) to enforce this and may consider a reauthorization PA to confirm patient has a positive response to therapy after a certain time frame.

Plan sponsors may be more open to a less invasive edit, like a smart PA, that looks for a metformin or metformin combination product in the patient's history. However, based on our recent analysis, most patients were already using other established diabetes drug and therefore the edit may not be as effective. Before deciding whether to implement a UM edit, consider any potential rebate impact.

Additionally, one of the newer diabetes drugs, Mounjaro™, may be even more effective than Ozempic in reducing weight. Plans will need to also be prepared to manage this drug, as we expect tremendous growth.

Considerations for AOM coverage

For a long time, plans may have seen AOMs more as a lifestyle coverage. Even today, it appears that many plans do not cover weight-loss medications, notwithstanding medical necessity. For those that do cover weight-loss medications, most plans require PA and some may also include behavior-management coaching and other treatment options.

Today, more plan sponsors are choosing to add AOM coverage in their pharmacy benefit. However, the AOM coverage discussion continues to be extremely difficult for plan sponsors that seek to balance the high cost of these newer medications and the likelihood of sustained success of weight-loss outcomes.

For AOM coverage consideration, the strategy for management is complex and will require a more thoughtful process. One of the first steps is to understand the projected costs of coverage. Plan spending could grow exponentially as utilization of GLP-1s increases. The U.S. obesity rate is over 40 percent, making the potential market for these drugs unparalleled.

Another consideration is understanding how long the patients should be taking these weight-loss medications. Contrary to pharmacy claims data, which suggest many people take weight-loss medications for a short time, experts believe that weight regain after stopping treatment is common, pointing to long-term use and high plan costs.

Additionally, a comprehensive obesity-management approach should be in place and looked at from total cost-of-care basis. By implementing tools like these, plan sponsors can mitigate unnecessary cost and improve both quality of life and the patient experience:

- Assess and reevaluate current obesity treatments under the medical benefits.
- Update patient education and access to lifestyle weight-loss programs, which should include check-ins with patients to ensure that there is progress and access to registered dietician consulting and nutritional support.
- Update fitness programs with low-cost access to weight-loss programs.
- Implement UM guidelines for all AOMs based on clinical best practice guidelines.
- Implement UM reauthorization criteria for all AOMs to confirm a positive response to current therapy.
- Require patients to be in a behavioral health management program to ensure they will continue a healthy lifestyle.
- Negotiate lowest net cost PBM formulary changes for new anti-obesity medications.
- Provide educational support around appropriate and safe exercising.
- Offer access to virtual coaching.
- Consider implementing stricter coverage requirements (e.g., limiting weight-loss drug coverage for patients with BMIs of 35 or higher, defined by the Centers for Disease Control and Prevention as Class II and Class III obesity, respectively) to target a smaller group of plan participants who may be at the highest risk of disease and costly complications.

Compliance reminder

To stay on top of all the ACA dollar amounts and percentages for group health plans, see our December 20, 2022 insight.

To discuss the implications for your plan of anything covered here, contact your Segal consultant or get in touch via our website, segalco.com.

This *Trends* was published in January 2023. For previous issues of *Trends* or other Segal publications, visit the insights page of our website, segalco.com.

Segal