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The rise of GLP-1s and impact to employer health care plans

There's no magic pill for weight loss – but many think we're getting closer to having one with the widespread use of diabetes medications, also known as GLP-1s (glucagon-like peptide analogs). And employers with sponsored health plans are seeing a significant impact on their plan budgets from the increased use of these drugs.

"It used to be that the majority of (a company's) prescription spend on their health benefits was really in specialty drugs," said Jenn Malik, an attorney in the employment and labor and public sector groups at the law firm Babst Calland. "But now you're seeing a shift to these GLP-1s that are really topping the charts."

Primarily injected, the drug compounds, better known as Ozempic and Mounjaro approved for treating type 2 diabetes, and their approved-for-weight-loss lifestyle counterparts, such as brands commonly known as Wegovy and Zepbound, are made of the same active ingredient as the diabetes version, explained Joel Bibby, a licensed pharmacist and managing director of clinical services for Integrity Pharmaceutical Advisors. They work by affecting an enzyme in your gut that can help you feel full and help your body process blood sugars. In addition to treating diabetes, they can help with issues associated with diabetes, like being overweight, which affect many different body systems.

"Indications for use of these drugs are expanding. In March, they were approved to reduce the risk of certain cardiovascular events, like heart attack and stroke. There are also rumors of Wegovy's pending approval for help with other conditions," Malik said.

"The broadening use of GLP-1 medications is also driving employers to rethink their plan designs.

Consider these statistics: one in eight adults say they've taken a GLP-1 at some point in their lives and about six percent of adults say they're currently taking the drug.* Applying these statistics to an employer plan with 1,500 covered lives that has six percent of its members using one of these medications, they could pay anywhere from about $900 to $1,500 per month for each member with a prescription. At $12,000 a year per utilizer – using six percent of a population of 1,500 – that can be more than $1.5 million per year that an employer spends for one drug," Malik said.

Jennifer L. Malik
Shareholder, Babst Calland

To cover or not to cover

One consideration for employers when deciding to cover GLP-1s – along with the high cost and expanding indications – is determining eligibility for the medications. Some practical and legal ways for managing this while keeping an eye on spending and ensuring the members who need these drugs are getting them include:

1. Requiring a diabetes diagnosis before someone is prescribed one of the medications.
2. Instituting another type of intervention, like prohibiting a 90-day fill on the initial prescription. "The drugs have a lot of side effects; many people discontinue them," Bibby said. "If you fill a 90-day prescription for $3,000, someone might go two weeks into taking the medication and have to stop and throw it away."
3. Including prior authorization criteria, like a certain body mass index (BMI), participation in exercise and diet programs or permitting only certain providers to prescribe these medications.

Employers with self-funded plans will likely have more options available to them to help control GLP-1 spend as opposed to fully-insured plans in terms of both controlling costs and determining the impact of GLP-1s on costs. "Prescription drug claims will come through pretty quickly," Malik said. "So you can see spikes in utilization as they're starting on almost a monthly basis for self-funded plans and the impact to your budget versus your fully-insured plans where utilization data is reviewed less frequently and health care renewals occur on a yearly basis," Malik said.

Employers should also track their data – examining their current members' use of these diabetes medications and the type of population requiring them, especially when it comes to achieving the long-term benefits of covering drugs that may result in reduced weight, less musculoskeletal injuries and improved cardiovascular conditions.

"But if your population is really transient, or you have a lot of turnover, it may not make sense for an employer – at least the weight loss drug component of it – because employers won't really get the benefit of the cost savings in the form of reduced medical claims down the line," Malik said.

Also, employers should keep in mind that currently, data doesn't fully support temporary use of GLP-1 medications. In most cases, use must be continual to achieve ongoing benefits.

"The widespread utilization of GLP-1s cannot be understated," said Malik.

To help navigate the increased use of GLP-1s, Malik and Bibby encourage employers to review the current utilization in their health care plan and use the resources available to help find the right solutions for their employees.

*According to the Keiser Family Foundation Health Tracking Poll

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