



# WTW Rx Flash on Weight Management

## A new way of treating obesity

You are likely familiar with the new weight loss drugs on the market, such as Wegovy®. While not the first drug approved for treating obesity, it is one of the first of a new class of drugs known as glucagon-like peptide-1 agonists (GLP-1) that are used to treat this condition.

The launch of this drug has led many employers to question how pharmacotherapy compares with other weight loss solutions, such as bariatric procedures and weight loss vendors. Clinical guidelines for obesity have changed; society's perception of weight loss has changed, and a reinvigorated industry has emerged offering countless direct-to-consumer weight loss solutions. Employer-sponsored health benefits are also adapting to address this paradigm shift.



The [American Gastroenterological Association](#), the professional society for gastroenterologists, updated its guidance in 2022 to recommend coverage of weight loss drugs for those with either a body mass index (BMI) greater than 30 or a BMI greater than 27 with common complications, such as hypertension or high cholesterol. This recommendation mirrors the FDA-approved labeling

of these drugs and will increase pressure on health plan sponsors to cover these medications. The [American Academy of Pediatrics](#) also updated its guidance in 2023 to recommend weight loss medications to children starting at 12 years old.

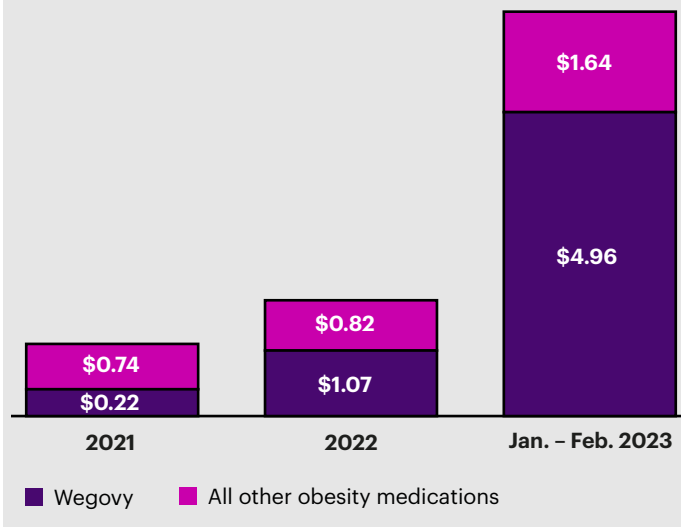


This relatively new class of GLP-1 agonists, initially marketed for Type 2 diabetes, are injectable medications associated with weight loss of up to 15%. However, as much as 20% weight loss has been documented for tirzepatide — a dual agonist of both GLP-1 and glucose-dependent insulinotropic polypeptide (GIP) — rivaling the results of bariatric procedures. Current understanding about these new medication classes is that the weight is regained if the therapies are stopped. Serious side effects have been uncommon in clinical trials and post-market settings; however, caution is warranted as they are used in broader populations. Based on the current guidelines and the FDA-approved indication, over 40% of the U.S. adult population could be eligible for treatment. Given their effectiveness and less intrusive administration when compared with bariatric procedures, GLP-1s come at a very high price to employers and employees. When accounting for estimated discounts and rebates, the approximate annual net drug cost is \$9,000 per utilizing member.<sup>1</sup>

Much media attention has been focused on the recent approval of Wegovy, to the point that it has resulted in widespread shortages of GLP-1s used for both weight loss and Type 2 diabetes. This is because medications such as Ozempic® and Mounjaro™ are now being used for weight loss by people who do not have Type 2 diabetes. As of March 2023, supplies of Ozempic, Mounjaro and Wegovy are normalizing. We have already seen increased utilization in just the first two months of 2023 compared with the past several years. As seen in Figure 1, as utilization is increased so does overall spend for the plan.

It is likely that by the end of 2023 an additional drug, tirzepatide, will be FDA approved for obesity. In 2022, it was FDA approved, under the name Mounjaro, for Type 2 diabetes. While pricing for tirzepatide as an obesity medication is not yet known, we can look to how pricing of Mounjaro (Eli Lilly’s GLP-1/GIP agonist for Type 2 diabetes) compares with Ozempic (Novo Nordisk’s GLP-1 agonist for Type 2 diabetes) for clues. In 2022, Mounjaro was priced at a 9.2% premium when compared with Ozempic.<sup>1</sup> While discounts and rebates for the drug are not yet known, we believe the introduction of tirzepatide with the indication for the treatment for obesity will likely further increase prices for drugs in this therapy class. In just the first two months of 2023, Rx Collaborative\* data shows four GLP-1s — Ozempic, Trulicity®, Wegovy and Mounjaro — in the top six drugs by cost (see Figure 2). This represents a significant jump in utilization, which is expected to increase with additional products on the market.

Figure 1: Net PMPM costs of obesity medications



**DID YOU KNOW?**  
**About 66% of Rx Collaborative\* employers currently cover weight loss medications — a number that is expected to increase.**



## The tidal wave of obesity drugs is coming, along with a price

More than 250 weight loss medicines are being studied in the pharmaceutical pipeline with significant use anticipated by 2026. Notable agents include an oral version of the drug semaglutide, which is the same ingredient found in Wegovy and made by the same manufacturer, Novo Nordisk. Additional well-known manufacturers are also in later-stage trials testing oral medications with similar activity

Figure 2: **WTW Rx Collaborative\* top 10 drugs by cost Jan - Feb 2023**

Rank	Brand name	Indication
1	Humira®	Autoimmune
2	Stelara®	Autoimmune
3	Ozempic	Diabetes
4	Trulicity	Diabetes
5	Wegovy	Weight loss
6	Mounjaro	Diabetes
7	Jardiance®	Diabetes
8	Skyrizi®	Autoimmune
9	Trikafta®	Cystic fibrosis
10	Eliquis®	Anticoagulant

\*Source: Rx Collaborative data on file. The Rx Collaborative is WTW's group purchasing pharmacy benefit employer coalition.

While the medications are impressively effective, we cannot ignore the fact that the price for the payer is staggering. If these drugs cost about \$9,000 per utilizing member per year after discounts and rebates, the total cost could be overwhelming. This indicates that these medications could increase total pharmacy cost by about \$70 per member per month, if half of adults with a BMI greater than or equal to 30 were to seek them out. So, the concern is the impact on premiums for the entire population.

In its recent report, “Medications for Obesity Management: Effectiveness and Value,” the Institute for Clinical and Economic Review (ICER), a well-cited pharmaceutical pricing organization, noted that the health-benefit price benchmark range for semaglutide is \$7,500 to \$9,800 per year, which would require a discount from the wholesale acquisition cost of 44% to 57%. ICER noted that the cost effectiveness of treatment for obesity with semaglutide or liraglutide in patients without diabetes mellitus exceeds commonly used thresholds.

## A holistic approach to weight loss

Although weight loss drugs represent an effective way to treat obesity, they are not the only solution. Employers should look broadly at bariatric surgery coverage, weight loss and wellbeing vendors, and medication management when evaluating their strategy. WTW has developed an Obesity Strategy Support tool, which can help guide employers in their decision-making process around all of these components.

Based on specific demographics of the employer's population, both potential return as well as estimated cost implications can be better understood.

### WTW can help employers:

1. Take a deep dive into their bariatric surgery benefits by looking for centers of excellence.
2. Navigate the growing landscape of weight loss vendors.
3. Determine whether medication coverage is a feasible option. Plan design considerations can include member cost share, preventive drug list coverage, potential for custom utilization management and more.

Please reach out to your WTW pharmacy consultant to start the conversation.

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<sup>1</sup>IPD Analytics. Market & Financial Insights. March 2023. Accessed March 24, 2023. <https://www.ipdanalytics.com>

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