



STATE HEALTH PLAN – FACT SHEET 9/28/2023 Appetite Suppressing GLP-1 Weight Loss Drugs

Brands: Wegovy and Saxenda (chemicals: semaglutide and liraglutide)

Since January 2015, the State Health Plan (Plan) has covered the GLP-1 classification of drugs for weight loss. This includes Saxenda on its prescription drug formulary, with Wegovy being added in October 2021. The Plan also covers the same chemical compounds sold under different names, e.g. Victoza and Ozempic, for use in the treatment of diabetes.

This fact sheet provides information on the use of these medications for weight loss unless otherwise indicated.

Effectiveness of GLP-1s for Weight Loss

- These medications cause weight loss by suppressing appetite due to delayed gastric emptying as well as by acting on areas of the brain involved in appetite regulation and caloric intake.
- They are generally considered very effective because they can achieve body weight reductions of 5-10% (Saxenda) and 5-15% (Wegovy).
- Absent continued use, lost weight returns for most people, though long-term use studies on these weight loss medications are not yet available.

Safety of GLP-1s

- These medications are generally considered safe, but long-term studies of semaglutide and liraglutide in doses prescribed for weight loss have not been conducted.
- Warnings and precautions for semaglutide and liraglutide include the risk of thyroid C-Cell tumors, acute pancreatitis, acute gallbladder disease, hypoglycemia, acute kidney injury, hypersensitivity reactions, diabetic retinopathy complications in patients with Type 2 diabetes, heart rate increase, suicidal behavior and ideation.
- A range of gastrointestinal adverse effects have been reported in 20-44% of patients taking semaglutide including nausea, diarrhea, vomiting, constipation and abdominal pain.
- A range of gastrointestinal adverse effects have been reported in 22-42% of patients taking liraglutide e.g. nausea, vomiting and diarrhea.
- A February 2023 study found that there had been 273 fatalities reported to the FDA among the 8,249 Adverse Event Reports for semaglutide.

Cost of GLP-1s to the State Health Plan for Weight Loss

- The cost to the State Health Plan for GLP-1s prescribed for weight loss has increased from approximately \$3 million per month, three years ago, to over \$14 million per month in 2023 (before manufacturer rebates).
- By 2025, State Health Plan premiums would have to increase by \$48.50 per member per month for all members – not just users of these drugs to cover the projected net cost of GLP-1s being used for weight loss.
- There are approximately 23,215 plan members currently using these medications, up from 2,795 users in mid-2021, a 731% increase.
- Members on the 80/20 plan pay \$30 per month as a cost share while members on the 70/30 pay \$47. [REDACTED]
- The list prices of Wegovy and Saxenda are \$1,349.02 per member per month (injection vials). However, rebates from the manufacturer to the State Health Plan are reasonably estimated at [REDACTED] % of the list price.
- Using the current [REDACTED] % rebate yields a net cost of \$9,269 per year. Since premiums for 2023 are \$7,320, the per user deficit for the cost of this drug is \$1,949 per year. (This would assume that members using GLP-1s for weight loss had no other claims for any reason. If they did, the per user deficit would be higher.)

Redactions provided by CVS Caremark at the request of Novo Nordisk

- Covering these medications with existing approval procedures and assuming no market shortages, these drugs would cost the plan \$297 million before rebates and cost shares in 2024.
- Estimating a [REDACTED] % rebate, with minimal immediate savings on medical costs, this would be a projected \$170 million in net costs to the Plan in 2024.
- Given growth trends and the Plan membership, we expect these costs to continue to increase. They are projected to exceed \$600 million annually before rebates within the next five years, absent significant price concessions.
- Rebates are a product of negotiation between our Pharmacy Benefit Manager (CVS Caremark) and the manufacturer (Novo Nordisk) and are paid to the SHP by CVS Caremark on at least a three-month lag.
- If CVS Caremark and Novo Nordisk were to offer the Plan a [REDACTED] % rebate beginning in 2024, annual net expenditures likely would still exceed \$280 million within five years.

Cost Effectiveness of GLP-1s to the State Health Plan for Weight Loss

- Using data as reported in an industry-supported study, health care cost reductions from non-surgical weight loss can be reasonably estimated as averaging \$135 per member treated with anti-obesity medications per month. With the monthly cost of \$772 (after rebates) this would be a \$637 per month net deficit per member treated.
- From the same data, in terms of prevention of heart attacks, it takes about \$1.1 million of expenditure on weight loss drugs (GLP-1s) at the current price point to prevent one heart attack, stroke or cardiovascular death.
- Per Segal Corp., the Plan's actuary, "to date, there are no studies that show a positive return on investment for these costly drugs."
- Segal also projects the costs of anti-obesity medications are "going to continue to escalate, with the trend not being sustainable. If there were significant savings in medical claims to offset the high pharmacy cost, most plans would cover these drugs, but that has yet to be proven."

Cost Comparisons of GLP-1 Coverage

- The cost of a 1% pay raise for all teachers and state employees is \$278.4 million, the \$170 million in net costs for covering these drugs is more than the cost of one half of a percent pay raise for all employees.
- Expenditures on appetite-suppressing weight loss drugs by the Plan are \$21.37 per member per month across the plan and exceeds the amount spent on...
 - cancer medication, \$16.41
 - rheumatoid arthritis medication, \$16.44; and
 - chemotherapy, \$17.18.
- Wegovy costs \$328 per month in Germany and \$296 per month in the Netherlands.

State Health Plan Spending as a Percentage of Manufacturer's Sales of Wegovy and Saxenda

- As of Sept. 1, 2023, the manufacturer of Wegovy, Denmark-based Novo Nordisk has a higher market capitalization than the yearly GDP of its home country, making it the second most valuable company in Europe.
- Novo Nordisk reported a 32% global increase in operating profit for the first six months of 2023 relative to the first six months of 2022.
- Within that report, Wegovy sales in North America increased by 344% during that period while Saxenda increased by 27%.
- Total North American sales for both products were reported as 14,159 million Danish Kroners. In reported exchange rates as of 9/14/2023, this would be \$2.02 billion in U.S. dollars.
- The Plan spent \$52.3 million on these two drugs during that same period, which accounted for 2.6% of the manufacturer's North American sales of the products.
- State Health Plan members accounted for approximately 2% of the prescriptions filled each month for these drugs in the United States during the same six-months.

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Demographics of State Health Plan Users of Saxenda & Wegovy

- There are 23,215 Plan users of GLP-1s for weight loss.
- Approximately 80% are using Wegovy, with the remainder using Saxenda.
- The average age is 47, with ages of users ranging from 12 to 83.
- The average reported salary of users is \$56,431, with a range encompassing the full state employee wage scale.

Public Opinion/National Survey by Kaiser Family Foundation

- Among U.S. adults not currently using weight loss drugs, 45% are interested in taking medication for weight loss if it is safe and effective.
- This figure drops to 23% if it is a weekly injection and holds steady at 44% if it is a pill.
- This figure drops to 16% if not covered by insurance and drops to 14% when people hear they may gain weight back after stopping use.
- Only 22% of adults say they trust pharmaceutical companies to price their products fairly.
- A large majority, 83% of adults, see pharmaceutical profits as a major factor contributing to the cost of prescription drugs.

How Other State Public Employee Health Plans are Handling GLP-1s

- The University of Texas (UT) employee plan ceased coverage for Wegovy and Saxenda effective Sept. 1, 2023. Acknowledging that desired savings associated with health improvements from weight loss are not being realized due to excessive manufacturer charges, the UT plan concluded that until, “drug manufacturers are willing to adjust pricing, these weight loss medications will no longer be covered.”
- The state of Connecticut’s employee health plan announced that to reduce costs of these medications, it would only cover Semaglutide if prescribed by one specific company that provides anti-obesity specialists, and an online app to help the members manage their weight loss and make lifestyle changes. The company offering the service to the Connecticut health plan was awarded a 10-month trial contract by the state’s venture capital program to offer the service. The state grandfathered the 1,900 employees already using the drugs, allowing them to continue without using the new program.
- The University of Michigan employee plan increased its member cost share on these drugs from \$20 per month to \$45 in March 2023 to incentivize use of other lower cost drugs.
- Among other state plans that we contacted, GLP-1s are covered for diabetes treatment, but are not covered for weight loss by: South Carolina, Texas Employees, Texas Teachers, Florida, Alabama, Arizona, and North Dakota.
- GLP-1s are covered by state plans for diabetes and weight loss in: Georgia, Tennessee, Virginia, West Virginia, Kansas, Hawaii, and New York, but all these states have or are strengthening prior authorizations or other procedures to limit utilization for weight loss. Some of these, e.g. Kansas, are covering GLP-1s under a high-deductible plan with much higher cost shares than North Carolina.