

Navigating the GLP-1 Landscape: Understanding the Buzz and Price Increases

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Over the past few months, I have seen more commercials for Ozempic than I can count, and every morning during my drive to work I hear a radio commercial from a men’s health clinic touting the effectiveness of a combination therapy of testosterone plus semaglutide (the active ingredient in Ozempic and Wegovy) for body recomposition. There are more than 4,000 reported semaglutide advertisements between Instagram and Facebook, #wegovy has been posted more than 50,000 times on Instagram, #ozempic has been posted 134,00 times on Instagram and everyone from Elon Musk to Chelsea Handler have endorsed semaglutide products. All the media attention on Ozempic, Wegovy and similar medications has contributed to an untapped demand for these products which, in turn, has driven increased overall total drug spend.

Over the first half of 2023, no product contributed more to the gross cost trend across the Employers Health book of business than Ozempic. Ozempic belongs to a class of drugs known as glucagon-like peptide analogues (GLP-1), and the contribution to total drug spend generated by this class is on the rise. GLP-1s are indicated for the treatment of Type 2 diabetes and obesity. In 2021, GLP-1s comprised 6.3% of total gross cost across the Employers Health book of business. In 2022, that figure increased to 8.7%, and over the first half of 2023, GLP-1s contributed 13.6% to total gross cost.

Whether evaluating it in the aggregate or at the therapeutic class level, drug spend is dependent upon three factors:

- 01 the prices of the drugs,
- 02 which drugs are being used (aka drug mix) and
- 03 how much of the drugs are being used (aka utilization).

In January 2023, all GLP-1 products indicated for the treatment of Type 2 diabetes experienced a price increase. The average wholesale price (AWP) for Bydureon BCise and Byetta increased by 3.0%. The AWP for Ozempic, Rebelsus and Victoza increased by 4.9%. And the AWP for Mounjaro and Trulicity increased by 5.0%. The AWP for Saxenda and Wegovy, GLP-1s used for weight loss management, remained unchanged for 2023; however, the price of Wegovy continues to remain at a significantly higher level than GLP-1s indicated for the treatment of Type 2 diabetes. The increase in drug spend attributable to drug mix over the first half of 2023 was driven primarily by a comparative increase in the use of Wegovy. In 2022, Wegovy accounted for 2.73% of days’ supply dispensed, whereas in the first half of 2023 Wegovy accounted for 8.63%. However, increasing price and drug mix changes account for a small part of the increase in total drug spend within the GLP-1 class. As shown in **FIGURE 1**, from 2022 to the first half of 2023 utilization of GLP-1 products grew by a factor of 2.5, driving a 171% increase in gross cost per member over the same

period. From 2021 to the first half of 2023 utilization grew by a factor of 3.9, and gross cost per member increased by 258%.

	2021	2022	2023
GLP-1 Utilization per 1,000 Members	1.6	2.5	6.3
GLP-1 Gross Cost per Member	\$8.99	\$13.56	\$23.16
GLP-1 Contribution to Total Gross Cost	6.3%	8.7%	13.6%

FIGURE 1

A Quick Background on GLP-1s

GLP-1s were first studied and approved to treat Type 2 diabetes. This class of drugs stimulates glucose-dependent insulin release, slows gastric emptying, increases satiety and reduces food intake. In clinical trials, GLP-1s demonstrated clinically significant decreases in A1C, and during the studies it was observed that certain portions of the study population experienced significant weight loss. This led drug manufacturers to pursue clinical trials specific to weight loss management and in June 2021, the Food and Drug Administration (FDA) approved Wegovy for this indication. Semaglutide is the active ingredient in Wegovy, and it is the same active ingredient in Ozempic. The differences between Wegovy and Ozempic are: Ozempic has an FDA indication for the treatment of Type 2 diabetes, while Wegovy has an FDA indication for weight loss management, is prescribed at comparatively higher doses and cost on a per therapeutic unit basis.

Although Saxenda and other medications were on the market for weight loss management prior to the launch of Wegovy, Wegovy's safety profile and labeling showing 15% weight loss from baseline was a game changer. The launch of a medication with those levels of safety and effectiveness for weight loss management triggered tremendous demand for the medication and a wave of media attention. By December 2021, NovoNordisk, the manufacturer of Wegovy, announced that it was in short supply due to underestimating demand and a host of other supply chain issues. With demand for Wegovy already outpacing supply, in January 2022, the American Diabetes Association (ADA) released new clinical guidelines outlining GLP-1 agents as a first-line treatment option in addition, or as an alternative to metformin in patients with Type 2 diabetes. The guideline updates also

specifically recommended Wegovy use for overweight or obesity therapy in those with Type 2 diabetes. The news of these guideline changes added fuel to what was already explosive demand. And with that demand, by August 2022 the FDA announced that Ozempic was in short supply.

Despite the supply issues eventually experienced by both Wegovy and Ozempic, utilization of these drugs grew tremendously over the past year. The growth of this utilization was certainly caused by the effectiveness of the medications, the change in ADA guidelines and the notoriety these drugs have garnered through social media and other media outposts.

Increasing the Utilization of GLP-1s is a Veritable Certainty for Several Reasons:

- With the change in ADA guidelines placing GLP-1s in primary position for the treatment of Type 2 diabetes, the likelihood of newly diagnosed patients beginning therapy on a GLP-1 increases dramatically.
- The prevalence of Type 2 diabetes and obesity continues to grow significantly year over year.
- NovoNordisk has already improved some of its supply chain issues which will increase access to Wegovy and Ozempic.
- Newer GLP-1 products with more impressive clinical profiles have entered or will soon enter the market.
- Research is being conducted to determine whether GLP-1s may prove beneficial for the treatment of numerous other conditions including cardiovascular disease, Parkinson's disease, sleep apnea, addiction and pre-diabetes.

Whether any GLP-1 will expand indications beyond the treatment of Type 2 diabetes and obesity remains to be seen. Regardless, it is clear that GLP-1 utilization will continue to increase, even if indications for these drugs do not expand beyond their present state.

What Can Plan Sponsors do to Proactively Manage This Expected Increase in Utilization?

Because of the certainty of increased utilization of GLP-1s, now more than ever, pharmacy benefit plan sponsors should review their coverage and management strategies associated with GLP-1s to ensure they align with benefit plan philosophies. For most pharmacy benefit plans, agents to treat Type 2 diabetes are covered. The question then, for most plans, is how to manage GLP-1 utilization. The answer depends, in part, on whether the pharmacy benefit plan covers medications for weight loss management.



While there is a growing trend to cover medications for weight loss management among Employers Health's pharmacy benefit management (PBM) clients, there are also many that do not.

For those that do not, part of the strategy to manage GLP-1s for the treatment of Type 2 diabetes must include strategies to limit off-label use of GLP-1s for weight loss management by limiting access to GLP-1s indicated for diabetes management. Whether the pharmacy benefit plan covers medications for weight loss management or not, at the minimum, a sound management strategy should include clinical edits to confirm diabetes diagnosis and history of use of medications for the treatment of diabetes. Beyond that, plans should consider implementing prior authorizations that align with product labeling and require confirmation of at least one comorbidity through attestation or documentation along with active participation in a diet and/or exercise program.

For plans that cover medications for weight loss management, a sound strategy for managing GLP-1 utilization includes a minimum body mass index (BMI) and/or a minimum waist circumference. Beyond that, similar to prior authorizations for utilization management for Type 2 diabetes, plans should consider implementing prior authorizations that align with product labeling and require confirmation of at least one comorbidity through attestation or documentation, in conjunction with active participation in a diet and/or exercise program.

GLP-1s can be highly effective agents for the treatment of Type 2 diabetes and obesity; however, they are costly and have a high discontinuation rate. Whether the plan covers medications for weight loss management or not, prior authorizations for GLP-1s should allow ongoing monitoring of the ability of the patient to tolerate the GLP-1 product, to ensure that the patient is compliant with the medication regimen and to make certain that the GLP-1 product is helping the patient to achieve treatment goals.

Should Your Plan Cover GLP-1s for Weight Loss?

While no study exists that can definitively state whether the cost of covering GLP-1 therapies for weight loss is outweighed by the savings associated with halting the progression of comorbidities, certain criteria can help inform a decision on whether a plan should adopt or maintain weight loss management medication coverage. Coverage of medications for weight loss management is an investment in long-term health; therefore, providing such coverage by organizations with a high-turnover rate may not be appealing.

For plan sponsors that elect weight loss coverage under the pharmacy benefit, it is highly recommended to adopt utilization management around GLP-1 products. This is crucial to ensure appropriate use and minimize an increase in spend that may follow this coverage decision. These controls often include prior authorizations and quantity limits to verify medication eligibility, therapy results and to prevent discontinuation waste. With significant discontinuation rates, limiting the days' supply of these products is a sound solution, in addition to prior authorizations, that can reduce medication waste and protect plans from unnecessary expenses.

Because of the cost and potential efficacy and waste associated with GLP-1s, there are many factors to consider when evaluating coverage and management options. Employers Health's team of clinical advisors and benefits professionals can help tailor GLP-1 coverage and management strategies to conform with your plan's benefit philosophy. If you have questions about GLP-1 coverage or other plan design questions, we encourage you to contact us.

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