Understanding the Rising Costs of Diabetes Management

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Tracking your blood sugar has never been as common or convenient as it is today. While GLP-1s continue to dominate headlines, there are several medical devices silently making an impact on diabetes trend for many plan sponsors: continuous glucose monitors (CGMs) and disposable insulin pumps (DIPs) — with the former beginning to see utilization in non-diabetics. As utilization in the diabetes space increases, plan sponsors should prepare for increases in spend and consider utilization management to prevent off-label utilization.

More members are prioritizing metabolic health

Metabolic health is a broad term that refers to how well you can digest and absorb nutrients from the food you eat. This includes mounting an adequate insulin response to a spike in blood sugar and maintaining healthy mechanisms to process fat in the blood through a balanced diet, exercise and adequate sleep. When these functions are disrupted, the risk of heart disease, Type 2 diabetes and stroke increase.

The most common way to track someone's blood sugar is through a CGM, a wearable device that works by placing a small sensor under the skin, transmitting readings via Bluetooth to a digital receiver. Although typically reserved for members with diabetes, we are seeing an uptick in CGM utilization from prediabetic members and even in those without diabetes. This can be attributed to CGM product innovation and an increased societal awareness of metabolic health, especially within the fitness community looking to better understand how their body responds to different foods and training regimens.

The science behind CGMs

CGMs typically include three distinct parts that connect to a patient's phone or a similar device to store and share blood sugar readings. With real-time, 24/7 readings, CGMs have significantly improved blood glucose monitoring for both patients and prescribers.

The sensor is usually placed on the back of the arm but can also be worn on the chest, abdomen or thigh to collect blood sugar readings.

The transmitter is attached to the sensor and sends all readings to the receiver to be stored for patient and prescriber review.

The receiver is used to store readings and transmit them to the prescriber.

CGMs are FDA-approved for all patients with diabetes; however, they have historically been used solely in those requiring multiple daily insulin injections. Insight into how blood sugar rises and falls can be valuable for patients and prescribers when evaluating diabetes management. Elevated glucose levels can increase the risk of complications such as heart disease, kidney disease and eye damage. Without CGMs, patients must prick their finger with a lancet and draw blood onto a test strip to see where their blood glucose is, often multiple times per day.

Clinical evidence suggests that CGMs can benefit all diabetics, regardless of insulin utilization. As a result, the 2025 American Diabetes Association (ADA) guidelines now recommend CGMs for patients on any insulin product, along with a consideration for anyone on glucose-lowering medication. These guidelines have caused a significant shift toward recommending these devices to more patients with diabetes to support positive treatment outcomes.

While there's been an increase in utilization across diabetics, we're beginning to see use in non-diabetics. As mentioned before, fitness enthusiasts are leveraging information from CGMs to see how their body responds to the food they eat to optimize their training regimen. These members may be seeking these devices through the medical or pharmacy benefit.

As CGM utilization grows in populations without insulin use or a diabetes diagnosis, it is becoming increasingly common for plan sponsors to implement utilization management controls on CGMs to mitigate trends in diabetes. Prior authorizations and quantity limits on CGMs can be added to restrict utilization to members with diabetes who are on a high-frequency insulin regimen and to prevent oversupply of these medical devices. While CGM guidelines are shifting, plan sponsors are continuously seeking new opportunities to manage the diabetes category.

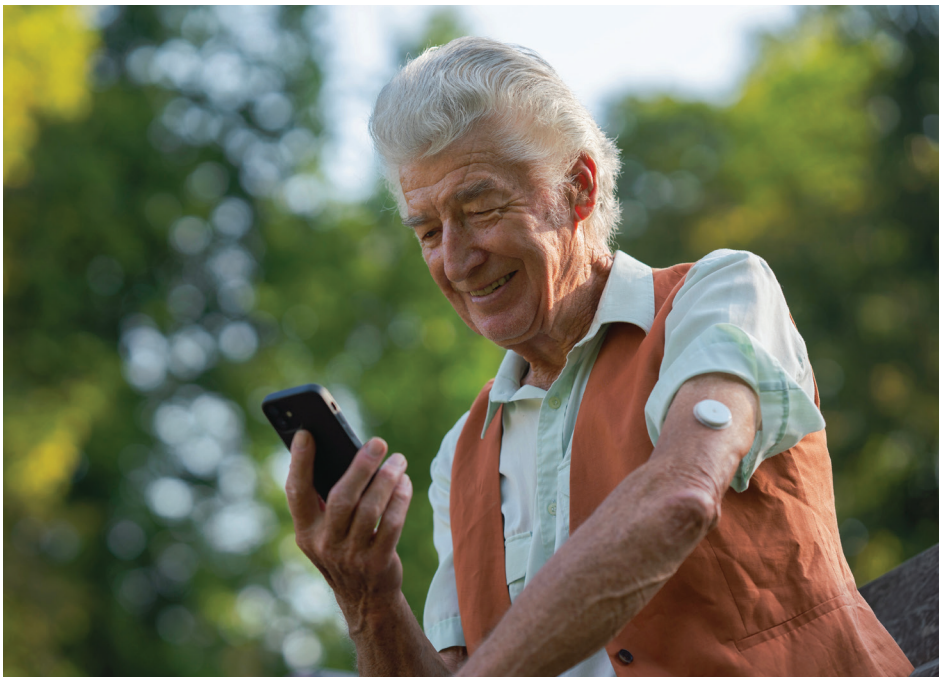
Broader guidelines lead to bigger price tags

Year-to-date, diabetes is the top therapeutic class by gross spend so far across the Employers Health book of business (BoB). Dominated by expensive brand products, many plan sponsors tend to see high spend in this category. Insulin products have recently had significant price reductions, but the utilization of glucagon-like peptide-1 agonists (GLP-1s) has exploded over the last few years to drive an increasing trend in diabetes for many plan sponsors.

While not as expensive as GLP-1s, CGM utilization can greatly contribute to the overall trend in this class. CGMs account for approximately $2.30 per member per month (PMPM) across our BoB, and we expect this number to rise as utilization increases. These devices are classified as durable medical equipment (DME), with CGMs previously only being accessible through the medical benefit. Now, CGMs are available under the pharmacy benefit based on the ease of administration, reductions in cost, improved patient access and additional utilization management options.

A second device that contributes to the increasing trend in diabetes is the disposable insulin pump (DIP). DIPs work with a CGM to administer insulin in a timely manner that aligns with the prescribed insulin regimen and responds to fluctuations in blood sugar throughout the day. Insulin pumps have been used for this purpose in the past, but standard pumps can be cumbersome for patients to use, as the pump must be carried at all times and is connected to the body via a tube running from the abdomen to the insulin pump device. DIPs allow members to apply a tubeless patch that administers insulin. Similarly to a CGM, it shares data via a patient's smartphone, creating a convenient experience for patients and providing reliable information for providers.

These devices will primarily benefit patients with diabetes on an intensive insulin regimen, so off-label utilization like we see in CGMs is not expected for these devices. Since DIPs and CGMs are often used together, plan sponsors may mirror the management of CGMs to ensure that DIPs are only available to the appropriate members.



Over-the-counter CGMs offer cost-saving potential

With the growing interest in metabolic health and the benefits that CGMs can provide to patients without an intensive insulin regimen, a popular CGM manufacturer, Dexcom, identified an opportunity to increase access to its products. Stelo, the first FDA-approved over-the-counter (OTC) CGM, was launched in August 2024 and is available without a prescription for $99. This product is intended to be used by Type 2 diabetics who are not using insulin or those with prediabetes who would like to gain insight into how their lifestyle habits impact metabolic health. One primary difference between Stelo and prescription CGMs is that Stelo does not accurately monitor low blood sugar, so it is not an appropriate device for members on insulin therapy.

In addition to Stelo, there are two other CGM devices called Lingo and Lingo Rio that are available OTC. Lingo provides an option for health-conscious members without diabetes, while Lingo Rio is indicated for prediabetes or patients with diabetes who do not use insulin. These OTC monitors represent an opportunity for all members to access a CGM without utilizing the pharmacy benefit, which can minimize member disruption if enhanced CGM utilization management criteria are implemented.

Takeaways for employers

Employers have a few different options for managing CGMs and DIPs on the pharmacy benefit. The first option is to cover both products with no utilization management. This option can drive up costs as it allows for potential off-label utilization of CGMs by members that could otherwise benefit from OTC options. To maintain coverage with additional guardrails, employers can add prior authorizations to CGMs and DIPs to ensure that utilizers are on a high-frequency insulin regimen. Quantity limits can also be added on these devices to reduce stockpiling. Adding utilization management for these devices can protect the plan from unnecessary spend while ensuring access for members meets appropriate clinical criteria.

Another option available is to exclude CGMs and DIPs from the pharmacy plan entirely. Although this option can eliminate pharmacy spend for these devices, CGMs have been shown to positively influence diabetes management and patient outcomes. Patient access, cost and health outcomes are also significantly improved when patients can receive these devices through the pharmacy benefit instead of the medical benefit.

Looking forward

Our clinical team at Employers Health is actively monitoring updates in this space and working to develop additional CGM criteria to help our clients manage this class as treatment guidelines evolve. To minimize the impact of adding utilization management to CGMs, plan sponsors can educate members on the available OTC CGM options. If you would like to discuss how Employers Health is thinking about diabetes management and metabolic health, please contact our clinical team at clinical@employershealthco.com.

Scan the QR code to view our Four Ws of CGMs infographic — a great resource to educate your member population on the basics of CGMs.