



GLP-1 Medications for Weight Loss

Board of Trustees Meeting

October 26, 2023



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**SEMAGLUTIDE
(WEGOVY®/OZEMPIC®)
VIRGINIA BEACH**

Home • Weight Loss • Semaglutide (Wegovy®/Ozempic®) for Weight Loss

Welcome to Fountain Of You MD, where we are committed to helping you achieve your health and wellness goals. We are excited to introduce you to Ozempic® and Wegovy® (Semaglutide) in Virginia Beach, revolutionary weight loss medications that help patients lose significant amounts of weight and improve their overall health. We have prescribed Ozempic®/Wegovy® to thousands of patients, and are proud of our success rate. On average our patients have lost over 25% of their body weight employing an combination of aggressive treatment with individualized lifestyle changes.



Long-term Treatment or Fad?

HOW WEGOVY® WORKS

Wegovy® (Semaglutide) is a glucagon-like peptide (GLP-1) analog that mimics the effects of the natural hormone GLP-1 produced in the small intestine. GLP-1 regulates appetite and metabolism, and when it binds to its receptors, it stimulates insulin secretion, inhibits glucagon secretion, and slows gastric emptying. These effects help control blood sugar levels and regulate appetite, leading to healthy and effective weight loss.

Wegovy® works by binding to the GLP-1 receptors in the pancreas, which stimulates the production and release of insulin. Insulin helps control blood sugar levels, which forces the body to rely on stored fats for energy, leading to weight loss. Semaglutide also slows down the emptying of the stomach after a meal, which makes you feel fuller for longer periods. Wegovy® in Virginia Beach reduces the brain's craving for food, which reduces snacking and promotes weight loss. Reduction in appetite and satiety are usually inhibited in a matter of days.



LifeMD⁺

How It

Healthy weight loss starts here.

Our personalized program pairs you with effective medications and expert guidance to help you lose weight and look your best.

GLP-1

FDA-approved medications

Lose 15%

Weight loss achieved in clinical trials*

Am I Eligible? >



GLP-1 Medication Insurance

Assistance service to help cover medication cost**

Important safety information

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

Redactions provided by CVS Caremark at the request of Novo Nordisk

- The cost to the 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).
- The list prices of Wegovy and Saxenda are \$1,349.02 per member per month (pre-filled pens). However, rebates from the manufacturer to the Plan are reasonably estimated at █% of the list price.
- Using the current █% 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.*)
- 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 █% 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 Plan membership, the Plan expects these costs to continue to increase. These drugs 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 Plan by CVS Caremark on at least a three-month lag.

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
 - chemotherapy, \$17.18
- Monthly cost exceeds typical car payments for many mid-range luxury sedans.



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.
- Wegovy costs \$328 per month in Germany and \$296 per month in the Netherlands.



Other State Public Employee Health Plans & 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 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.

Utilization Management Policy Review

Antidiabetic GLP-1, GIP-GLP-1 Agonist PA with Logic

Affected Medications:

- Adlyxin, Bydureon, Byetta, Ozempic, Rybelsus, Trulicity, Victoza, Mounjaro

Coverage Criteria:

- a diagnosis of type 2 diabetes mellitus **AND**
- a history of an A1C greater than or equal to 6.5 percent*

OR

- has a history of a 2-hour plasma glucose (PG) greater than or equal to 200 mg/dL during oral glucose tolerance test (OGTT)*

OR

- has a history of symptoms of hyperglycemia (e.g., polyuria, polydipsia, polyphagia) or hyperglycemic crisis and a random plasma glucose greater than or equal to 200 mg/dL*

OR

- has a history of a fasting plasma glucose (FPG) greater than or equal to 126 mg/dL*; **AND**
- fasted for at least 8 hours prior to the fasting plasma glucose (FPG) greater than or equal to 126 mg/dL*

* Chart notes or other documentation supporting this diagnostic are submitted to CVS Health.

GLP-1 Medications for Weight Loss Coverage Options

Option	Pros	Cons	Cost Impact
1) Keep Coverage the Same	No member disruption.	<p>Cost is unsustainable without a premium increase.</p> <p>Medication is not effective in terms of reducing the overall cost of care of obesity-related care. For every \$135 in cost savings the Plan has to spend \$800.</p>	<p>Projected 2024 cost of \$170 million + \$8 million in member cost shares. Proposed rebate change could reduce the \$170 million to \$143 million.</p> <p>By 2025, Plan premiums would have to increase by \$48.50 per subscriber 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.</p>
2) Administrative action to move all GLP-1s for Weight Loss to Tier 3 (Deductible/Coinsurance)	Initial savings due to higher copay/coinsurance paid by member or through copay cards and fewer claims due to walk-away rate.	<p>Members pay more upfront.</p> <p>Members may hit their OOP: 80/20 OOP = \$4,890; 70/30 OOP = \$5,900 sooner. If they use a copay assistance card, they'll get credit towards their OOP when they didn't actually pay the full amount.</p>	<p>It defers the cost for about 6-7 months until members reach their OOP, but it does not eliminate it and impacts the Plan's rebates.</p> <p>Mid-range estimate shows the Plan would still spend \$136 million. However, the overall cost could increase in this scenario.</p>

OOP=Out-of-Pocket

GLP-1 Medications for Weight Loss Coverage Options

Option	Pros	Cons	Cost Impact
3) Create Board-enacted New Formulary Tier for GLP1s	Initial savings due to higher member OOP costs and fewer claims due to walk-away rate.	Members may hit their OOP: 80/20 OOP = \$4,890; 70/30 OOP = \$5,900 sooner. If they use a copay assistance card, they'll get credit towards their OOP when they didn't actually pay the full amount.	Defers some cost without eliminating. This would effectively shift a part of the Plan-paid portion to the medication users. (Moves \$ from the \$170 million toward the \$8 million currently paid by members). The larger the shift, the larger the impact on utilization. But, rebates would likely be reduced proportionate to the reduction in utilization.
4) Administrative Formulary Exclusion for GLP-1s for Weight Loss Only (Would still allow coverage through exception process)	Significantly fewer claims, which curbs the spending trend.	The Plan would continue to see spend via exceptions process.	Eliminates the rebates, meaning that the Plan would pay \$1,349 per month instead of \$772 per month. Allowing exceptions increases litigation risk.
5) Board-enacted benefit exclusion for GLP-1s for Weight Loss Only (Stops claims with no path for exceptions)	Eliminates the cost associated with GLP-1s for weight loss, but still provides coverages for those that use the medications to manage diabetes.	At least 23,215 members negatively impacted.	Avoids \$170 million in net cost next year \$1 billion over six years. Provides the best cost-saving scenario for the Plan and places the Plan back on a more financially sustainable path.
STAFF RECOMMENDATION	Members will be able to access the medication at the Plan's discounted rate, but they will be responsible for the full cost.		

OOP=Out-of-Pocket

GLP-1 Medications for Weight Loss Coverage Exclusion (Requires Vote)

- Due to the rapid increasing health care costs, funding that has not increased at the same rate, and the aging and declining health of the Plan member pool (due in part to the inability to attract families into the Plan because of high family premiums), the Plan is facing a \$4.2 billion budget gap over the next five years. This is an existential threat to the Plan.
- Accordingly, it has been the Plan's focus over the last seven years to cap or reduce the Plan's cost as much as possible and implement strategic initiatives that will enable the Plan to lower dependent premiums to attract younger members and families to the Plan.
- Maintaining the current benefit structure for GLP-1 and GIP - GLP-1 agonists when used for the purpose of weight loss directly impairs the Plan's strategic goals, including improving Plan solvency and reducing member and family premiums.
- Exclude coverage of GLP-1 and GIP - GLP-1 agonists when used for the purpose of weight loss.

GLP-1 Medications for Weight Loss Coverage Exclusion Member Notification

- If the board approves, all members with a current prescription to all GLP-1 will receive a letter notifying them of the coverage change.
- This exclusion will be communicated to HBRs and all members via the Plan's monthly newsletters.



<DATE>

<PLAN MEMBER FULL NAME>
<STREET ADDRESS>
<CITY, STATE ZIP>

Dear <PLAN MEMBER FIRST NAME>,

We are writing to inform you that beginning January 1, prescription for will no longer be covered by your phar here to help you choose a new covered drug using the info