



July 29, 2024

Honorable Xavier Becerra  
Secretary, United States Department of Health and Human Services  
200 Independence Ave., SW  
Washington, DC 20201

Re: Need for Federal Action Due to Unaffordability of GLP-1 Weight Loss Drugs

Dear Secretary Becerra,

I write today to call attention to the unaffordability of glucagon-like peptide weight loss drugs (“GLP-1 drugs”) and request that the federal government license these products to reduce their cost to patients and state and local governments.

The North Carolina State Health Plan for Teachers and State Employees (“Plan”) is a program of the State of North Carolina that provides healthcare benefits to eligible North Carolina teachers, state employees, retirees, and their dependents. The Plan is led by the North Carolina State Treasurer, and oversight is provided by the Board of Trustees for the Plan (“Board”). The Board is a bipartisan body that includes trustees representing key segments of the population the Plan serves.

Like many state and local health plans nationwide, due to the rapid and unabated increase in healthcare costs and without a commensurate increase in funding to keep pace, the Plan is facing a \$1.3 billion budget gap over the next three years. This budget shortfall is in addition to the liability the Plan faces for future healthcare needs of its members. Together, these are an existential threat to the Plan.

For the last seven years, we have worked to address this threat, making it the Plan’s explicit policy to cap or reduce its costs while implementing initiatives that would enable it to lower dependent premiums to attract families into the Plan. We have implemented finance-improving measures across the Plan’s entire area of operations.

Despite our ongoing efforts, healthcare costs have continued to rise and budget shortfalls persist threatening the financial sustainability of the Plan for current and future members. One of the key drivers of this threat is the nonstop growth in pharmaceutical prices, at the core of which are the unreasonably high prices for GLP-1 drugs.

GLP-1 drugs have swallowed up a critical share of our cost savings, which the Plan would have liked to use to pass on to families through lower premiums. The price of GLP-1 drugs forced us into the position in which continued coverage of these drugs at current prices would have necessitated the Plan to double health benefit premiums for every member—the exact opposite of our goals.

Therefore, to protect the fiscal solvency of the Plan for current and future members and safeguard the goal of lowering member and family premiums, the Plan was required by a vote of the Board to remove benefits coverage of GLP-1 drugs when used for the purpose of weight loss.

Simply, we were forced to remove the benefit because of corporate greed. For example, Novo Nordisk charges Americans almost fifteen times more for GLP-1 drugs than it does in other countries. This cost is born by all payers of healthcare—employers, state and local governments, and the federal government.

The Plan has repeatedly sought to negotiate with the manufacturers of GLP-1 drugs to sell their products to us at a fair price. Yet, every offer that we have proposed has been rejected. It has become abundantly clear that these manufacturers do not want to sell their products at a reasonable price to the Plan, which is made up of those who teach, protect, and otherwise serve. These manufacturers are currently in a position of power and, if the Plan covers their drugs, they intend to squeeze us to boost their corporate profits.

This is a problem that needs a federal solution.

Accordingly, after consultation with our Board of Trustees I request the United States Department of Health and Human Services (“HHS”) open efforts with GLP-1 branded manufacturers to voluntarily license their products to provide GLP-1 drugs to federal, state, and local government payers, including employer health benefits programs like the Plan. In taking this action, HHS will supplement the supply and increase the affordability of GLP-1 drugs available in the market. HHS would also be able to seek royalty terms in that license that would reasonably compensate these manufactures.

Thank you for your attention to this issue and I stand ready to assist this effort to improve the availability and affordability of GLP-1 drugs.

Sincerely,



Dale Folwell, CPA  
Chair, Board of Trustees  
North Carolina State Health Plan

CC:

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Senator Ted Budd  
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