NAVIGATING COVERAGE FOR WEIGHT LOSS MEDICATIONS

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In October of 2022, Elon Musk (one of the world's wealthiest individuals) ignited headlines when he revealed that he used Wegovy as a primary method for losing weight.

Wegovy, and other drugs such as Ozempic and Mounjaro, instantly became national news and an intriguing weight loss option for people across the country.

By all accounts, these drugs seem to show effectiveness in addressing weight loss concerns; however, it's important to note that they come with a significant cost.

Specifically, Wegovy, Ozempic, and Mounjaro boast per-treatment list prices of $1,349, $936, and $1,023, respectively.

This scenario often presents a familiar challenge for self-funded group health plans. Employees may express a desire for specific treatments or services to be covered, but the plan may have an understandable reluctance due to the substantial expenses associated with the treatment. Given this situation, group health plans should take a systematic approach:

1. **Assess Whether Coverage is Right for Your Plan:** Initially, plan sponsors should thoroughly evaluate whether coverage of weight loss drugs aligns with their overall goals. This entails considering the plan's overall strategy against the preferences and potential health needs of their members.
2. **Cost Containment Strategies:** If the decision is made to cover weight loss drugs, plans should explore effective strategies to manage the costs linked to these medications. This might involve proactive conversations with their Pharmacy Benefit Managers (PBM), medical management techniques, or exploring potential alternatives to reduce expenses.
3. **Update Plan Documents:** To ensure clarity and alignment with revised coverage decisions, plan sponsors should review and update their plan documents accordingly. This includes coverage details and communication to members about the inclusion of weight loss drugs as a covered benefit and any associated medical management techniques.

By methodically addressing these issues, plan sponsors can better navigate the complexities of covering weight loss drugs. This approach promotes informed decision-making, effective cost management, and transparent communication with plan participants.

With a comprehensive understanding of the considerations surrounding the coverage of weight loss drugs such as Wegovy, Ozempic and Mounjaro, let's now delve into each of the three key aspects in greater detail.

1. ASSESS WHETHER COVERAGE IS RIGHT FOR YOUR PLAN

PROS:

The primary argument in favor of covering weight loss drugs is the potential to improve employees' overall health. Obesity is closely linked to a range of health problems, including diabetes, heart disease, and joint issues.

By providing access to medications like Ozempic and Wegovy, which are approved by the FDA and have demonstrated effectiveness in aiding weight loss, employers could contribute to reducing these health risks among their workforce. (Wegovy is FDA approved for weight loss while Ozempic is currently only approved for diabetes treatment).

Coverage may also impact employee productivity and morale. Employees may ask about coverage. While this may not be the most important factor in recruiting new employees or retaining current employees, it may give a leg up to employers who offer coverage.

Furthermore, employees who are healthier are often more productive. By promoting weight loss through covered medications (and other means), employers may see reduced absenteeism due to health-related issues and increased employee engagement.

Finally, while these drugs are expensive and require upfront costs, it could lead to long-term savings for employers. Health problems associated with obesity can be expensive to treat, including hospital stays, ongoing medical appointments, and more serious chronic conditions. By investing in weight loss drugs, employers might ultimately mitigate some of these future expenses.

CONS:

The high cost associated with weight loss drugs is the primary argument against coverage. Plan sponsors must evaluate whether the cost of covering these medications aligns with their budget constraints and overall benefits package.

Striking a balance between providing valuable benefits and managing costs is always crucial. As these drugs become more popular, related claim expenses on a group health plan may be significant.

This concern becomes even more significant when considering the necessity for ongoing treatment. To achieve desired results, consistent injections are required. Consequently, discontinuing the drug often leads to weight regain for individuals.

Weight loss drugs, while effective for some individuals, do not guarantee long-term success for everyone. Weight loss is a complex process influenced by various factors including genetics, lifestyle, and mental health.

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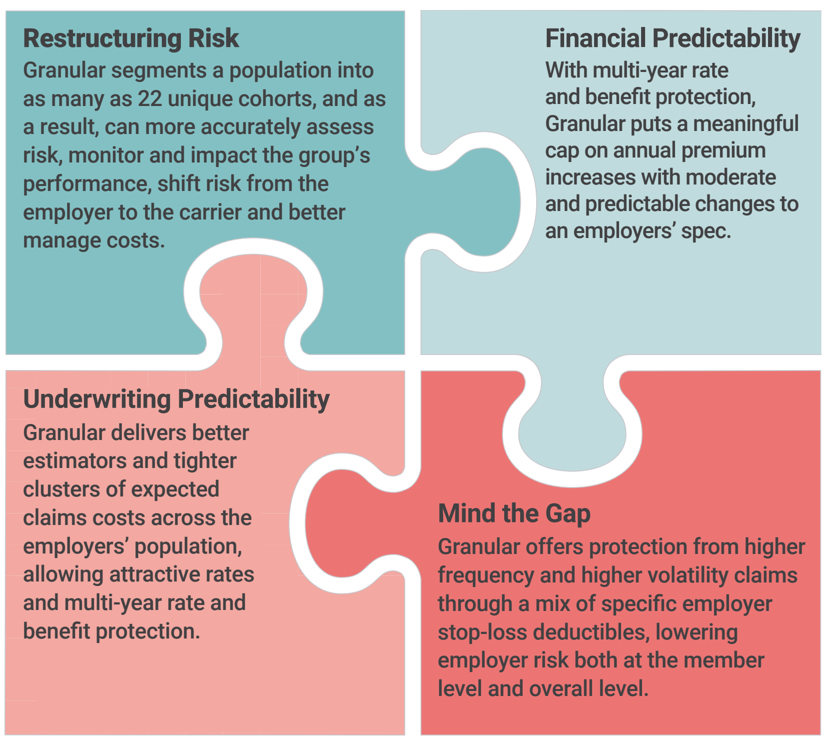

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There is a risk that employees might not experience the desired results, aside from the emotional impact on the individual, this would essentially result in claim expense that does not effectively treat the underlying condition.

Finally, relying solely on medication for weight loss may discourage employees from adopting healthier lifestyle changes. Sustainable weight management often requires a combination of dietary adjustments, regular physical activity, and behavioral modifications. If an individual relies on the weight loss drug to achieve these results, it may have a net-negative effect on their overall health.

2. COST CONTAINMENT STRATEGIES

First, it is imperative to discuss potential options with your PBM. This approach is important to understand the treatment options currently available and whether any generic or lower cost options may be out there.

Next, imposing medical management techniques such as treatment limitations, established medical necessity criteria, and/or prior authorization requirements will limit coverage and the potential claim exposure to the plan.

3. UPDATE PLAN DOCUMENTS

Once the decision to cover weight loss drugs is reached, plan sponsors should update their plan documents to clearly outline the details of this coverage. This includes specifying eligible drugs, criteria for coverage, and any associated cost-sharing responsibilities for plan participants.

Furthermore, the plan should review the plan document in its entirety to ensure that other language within the plan document does not contradict or otherwise limit coverage on the drugs unintentionally. For example, a general exclusion for "services related to obesity" should be removed from the document entirely or modified to specify that the exclusion does not apply to these drugs.

Transparent communication with plan participants is essential. Health plans should effectively communicate that coverage is available and provide details on any medical management criteria or techniques that may be relevant for participants. This ensures that members are well-informed and understand their coverage options.

CONCLUSION

The decision to cover weight loss drugs is a multi-faceted one that is likely unique for each employer.

This decision point will likely be relevant for the foreseeable future. As weight loss drugs continue to make headlines across the country, drug coverage, cost containment strategies, and proper plan language will be essential to ensuring that the plan is protected from increasing claim expense and put into the best possible position to provide meaningful benefits to its participants. ■

Kevin Brady joined The Phia Group Consulting team as an attorney in the summer of 2019. As the Director of Plan Document Compliance, Kevin works on general consulting, plan document compliance, contract gap reviews, and general compliance issues. While at Michigan State University College of Law, Kevin worked in the MSU College of Law Immigration Clinic. After law school, Kevin worked as an attorney representing several healthcare providers in the Midwest.