

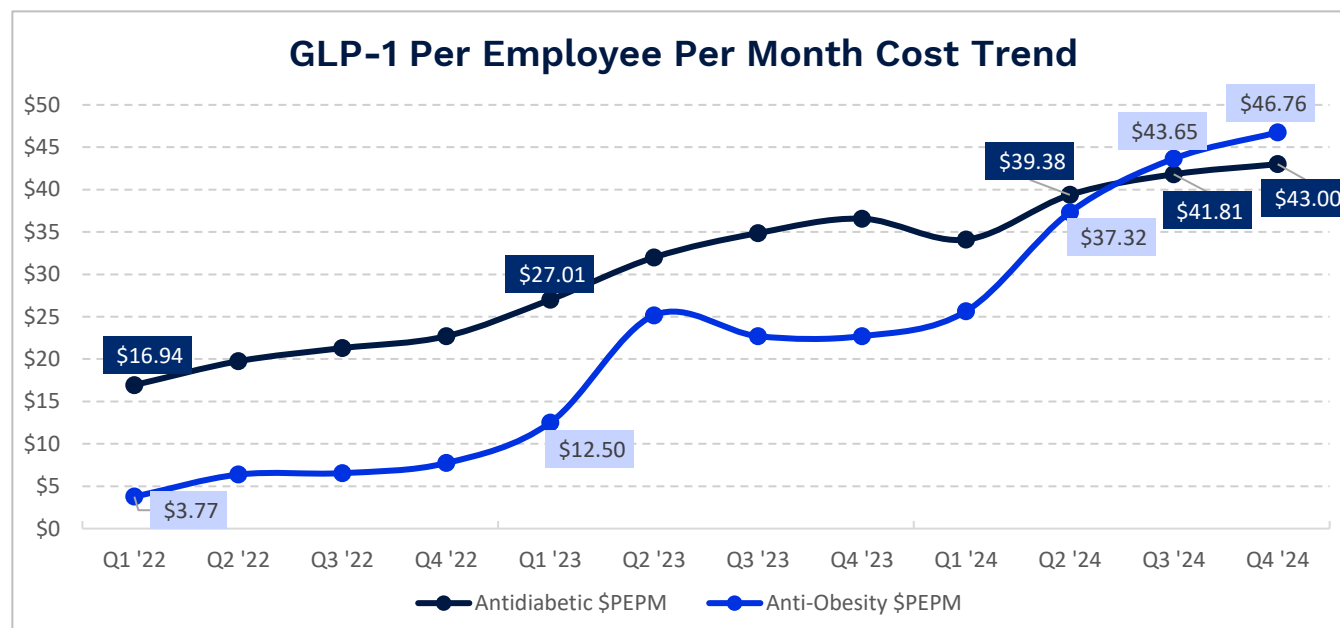
CASE STUDY

GLP-1 Cost Effectiveness for Employer Sponsored Health Plans

February 20, 2025

GLP-1 Cost and Utilization Trend – AP’s Book of Business

	Injectable Antidiabetic Agents	Anti-Obesity Agents ¹
Quarter	\$PEPM	\$PEPM
Q1 '22	\$ 16.94	\$ 3.77
Q2 '22	\$ 19.75	\$ 6.37
Q3 '22	\$ 21.30	\$ 6.55
Q4 '22	\$ 22.70	\$ 7.73
Q1 '23	\$ 27.01	\$ 12.50
Q2 '23	\$ 32.00	\$ 25.17
Q3 '23	\$ 34.87	\$ 22.71
Q4 '23	\$ 36.57	\$ 22.71
Q1 '24	\$ 34.10	\$ 25.64
Q2 '24	\$ 39.38	\$ 37.32
Q3 '24	\$ 41.81	\$ 43.65
Q4 '24	\$ 43.00	\$ 46.76



Employer sponsored health plans are experiencing rapid growth in claims expense for GLP-1 drugs, with an inflection point in Q3 2024 with anti-obesity drugs exceeding antidiabetic drugs in cost per employee per month. **Trends indicate that a company with 1000 employees on its health plan can expect to spend >\$900,000 in 2025 for GLP-1 drugs depending on coverage terms².**

1. Anti-Obesity agent \$PEPM is calculated using fewer members than antidiabetic agent \$PEPM due to more limited coverage. The \$PEPM reflects the cost per employee only for health plans that allow coverage. About 30% of health plans in AP’s book of business actively cover anti-obesity drugs as of Q4 2024, which makes up about 46% of total member lives.
2. n = 323,110

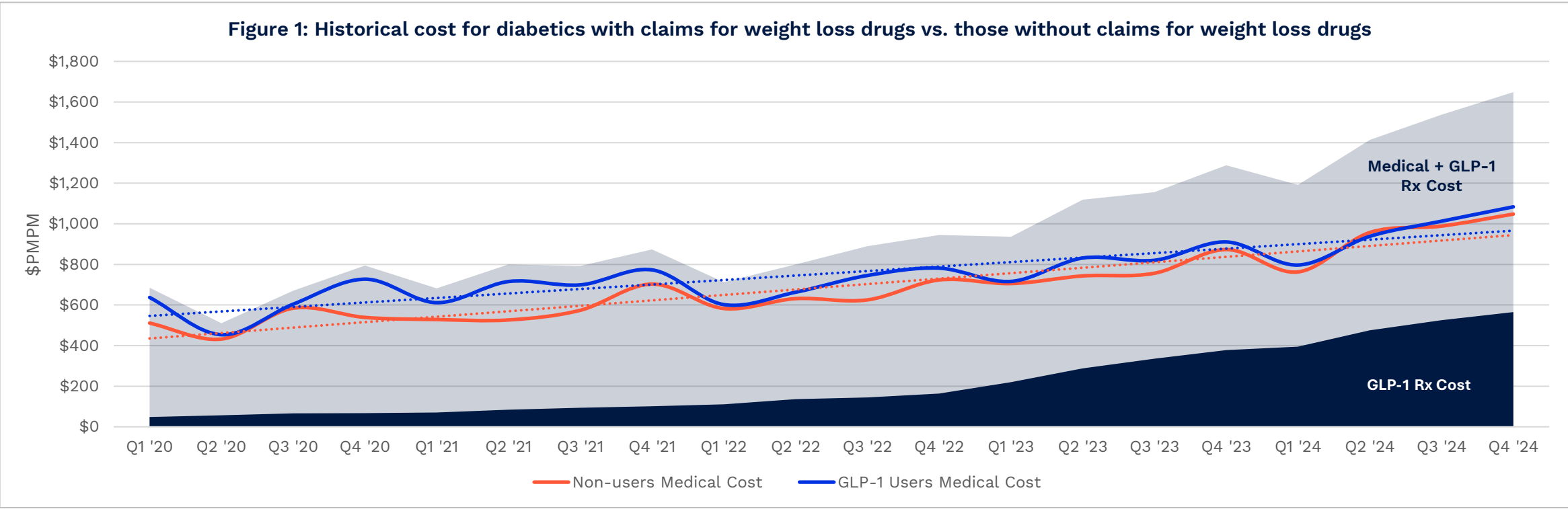


GLP-1 Cost Effectiveness

GLP-1 drug use has reduced medical costs for users by ~\$560 per year, but the annual increase in Rx cost per member is ~\$6,540. Early evidence suggests that to support a positive ROI for GLP-1 coverage by employer sponsored health plans a significant reduction in GLP-1 cost is necessary.

Figure 1 is an analysis from AssuredPartners' claims database measuring cost-effectiveness of weight loss drugs. This analysis compares five years of medical claims per member per month (PMPM) for diabetics not taking new weight loss drugs (n=10,625) to medical claims plus actual weight loss drug cost for a cohort of diabetics who are taking weight loss drugs (n=9,236). We've limited both cohorts to just diabetics to normalize for disease burden and are only looking at members with greater than 12 months of continuous enrollment.

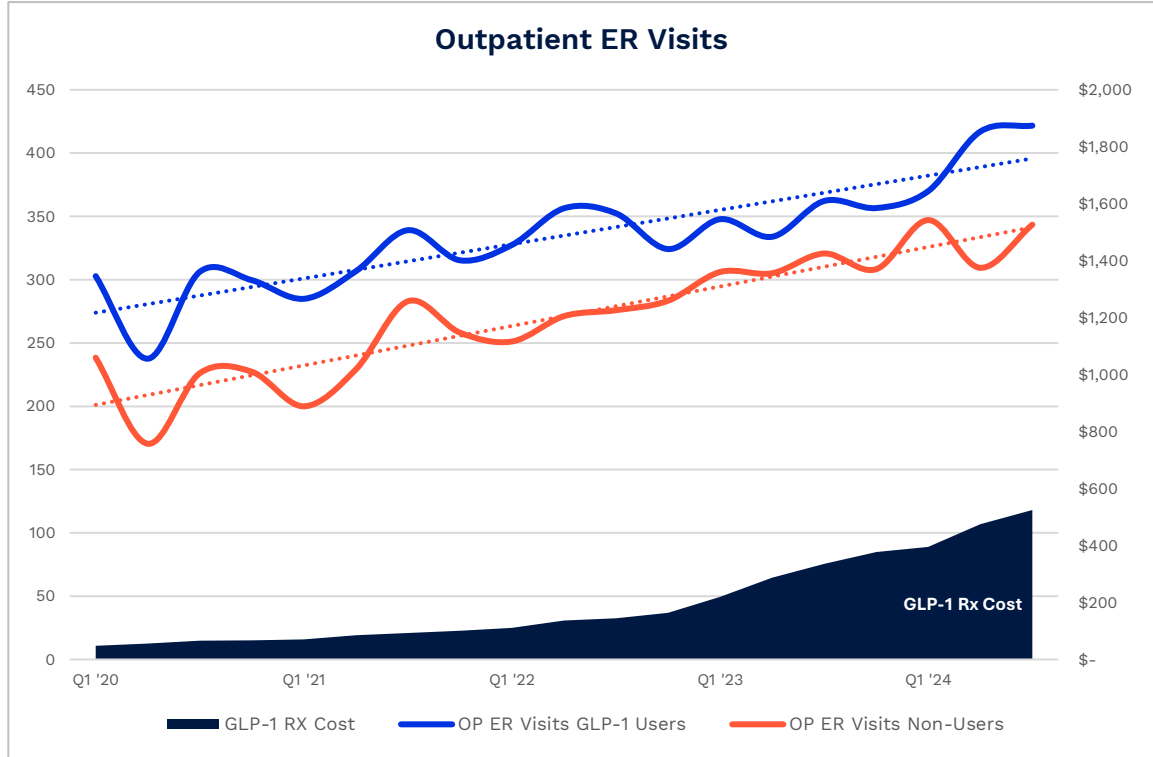
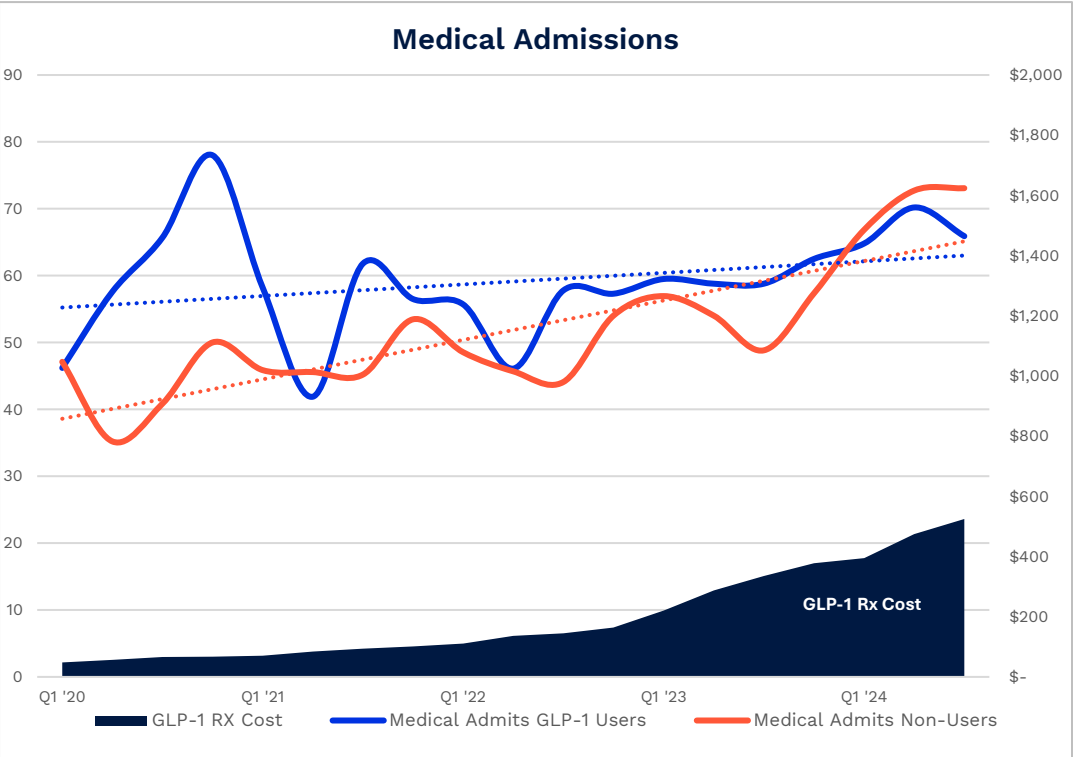
Concurring with efficacy studies, diabetics who have used weight loss drugs have medical claims compound annual growth rate of 13.01%, compared to 18.25% for those not taking weight loss meds. So, medical cost can be reduced with GLP-1 use, but the Rx cost for these drugs far outweighs any medical cost reduction.



GLP-1 Cost Effectiveness

The medical cost reduction for diabetics using GLP-1 drugs vs. those who do not is being driven by a reduction in medical (non-surgical) inpatient hospital admissions.

This is in-line with early evidence showing that GLP-1 drugs have been proven to effectively reduce rates of heart failure, ischemic heart disease, myocardial infarction, stroke, and BMI for patients with and without type 2 diabetes. GLP-1 drug use has not been shown to significantly reduce rates of outpatient emergency room visits within the same cohorts.



Appendix

Additional Sources and Studies on Cost-Effectiveness



GLP-1 Cost Effectiveness

Prime Therapeutics conducted a real-world cost-effectiveness assessment of GLP-1 medications for treating **obesity without diabetes**, aiming to evaluate their financial impact and clinical benefits using claims data for commercially insured individuals between 2020-2022. Normalization methodology was comprehensive, including continuous enrollment requirements and control groups.

Key Findings

- ◆ Cost-Effectiveness: The study found that **GLP-1 medications are effective for weight loss but are considered two-fold overpriced** relative to their expected value in reducing cardiovascular events, preventing diabetes, improving work productivity, and enhancing quality of life.
- ◆ Adherence and Persistence: Clinical trials reported high adherence rates (around 95%), **but real-world persistence was lower, with many patients discontinuing use within the first year**. This discrepancy impacts the overall cost-effectiveness of these medications.
- ◆ Medical Costs: **No significant medical cost offsets were observed in the first year of treatment when comparing GLP-1 users to a matched control group.**

TABLE 2

Pre-Post Cost Change in Primary Endpoint Pharmacy Costs, Medical Costs and Total Care Costs Means Among New Start GLP-1 Members to Treat Obesity Without Diabetes vs. Propensity Score Matched Controls*

Mean Spending Outcome**	GLP-1 Pre-year	GLP-1 Post-year	GLP-1 Post-Pre Difference	Control Pre-year	Control Post-year	Control Post-Pre Difference	Difference-in-Difference (95% CI)†	P-value
	N = 3,887			N = 11,392				
Pharmacy	\$2,858	\$9,057	\$6,199	\$2,088	\$2,593	\$505	\$5,694 (\$4,810 - \$6,674)	<0.0001
Medical	\$9,950	\$10,960	\$1,010	\$9,294	\$8,818	-\$476	\$1,487 (\$576 - \$2,480)	0.0007
Total (Pharmacy + Medical)	\$12,776	\$19,931	\$7,155	\$11,369	\$11,391	\$22	\$7,132 (\$5,884 - \$8,464)	<0.0001

- ◆ “Mean medical costs for the GLP-1 group increased from \$9,950 to \$10,960, a \$1,010 (10.1%) increase, and for controls from \$9,294 to \$8,818, a \$476 (5.1%) decrease.”¹
- ◆ “Mean pharmacy costs for the GLP-1 group increased from \$2,858 to \$9,057, a \$6,199 (217%) increase, and for controls from \$2,088 to \$2,593, a \$505 (24.2%) increase.”¹

1. Leslie, R.S., Qiu, Y., Urick, B.Y., Friedlander, N., Marshall, L.Z., & Gleason, P.P. (2024). Real-World First Year Cost-Effectiveness Assessment of Glucagon-Like Peptide-1 Agonists to Treat Non-Diabetes Obesity. Prime Therapeutics LLC. Retrieved from Prime Therapeutics.



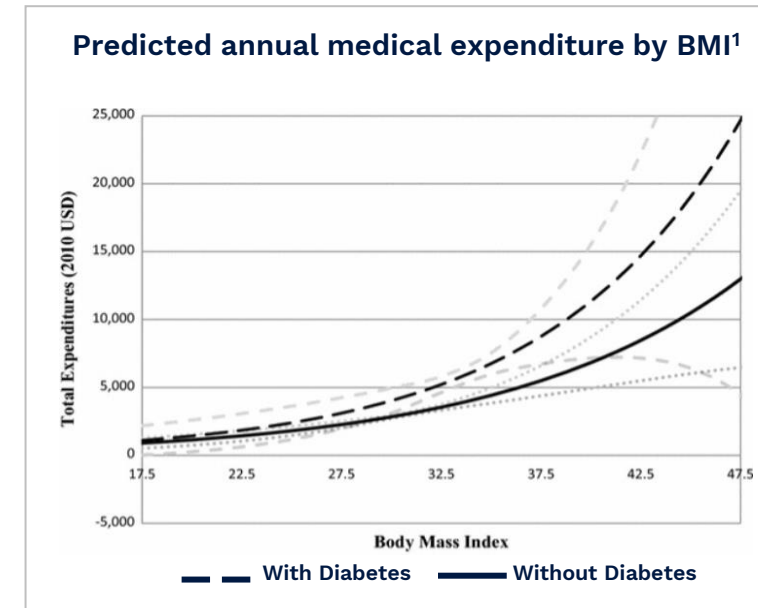
GLP-1 Cost Effectiveness

GLP-1 drugs have been proven to effectively reduce rates of heart failure, ischemic heart disease, myocardial infarction, stroke, and BMI for patients with and without type 2 diabetes.

However, GLP-1 drugs are expensive, and annual wholesale acquisition cost (WAC) can reach \$16,000 per patient. Further, due to side effects and lifestyle change many patients are not properly adherent to their treatment plans. In a study funded by Novo Nordisk, patients lost over 17% of body weight in a year with treatment. However, after a year off semaglutide, patients regained two-thirds of the weight back.² According to a Milliman white paper, “given the high cost of these medications, coupled with existing suboptimal adherence rates, **there is high potential for payers and patients alike to experience significant financial waste if medications are not taken exactly as prescribed.**”³

According to findings in the Annals of Internal Medicine, “use of... glucagon-like peptide-1 (GLP1) receptor agonists as first-line treatments for type 2 diabetes would improve outcomes but **their costs would need to decrease by at least 70% to make these agents cost-effective.**”⁴

AssuredPartners book of business’ claims data backs these findings.



1. Cawley, John, et al. “Savings in medical expenditures associated with reductions in body mass index among us adults with obesity, by diabetes status.” *PharmacoEconomics*, vol. 33, no. 7, 9 Nov. 2014, pp. 707–722, <https://doi.org/10.1007/s40273-014-0230-2>.
2. Wilding, John P., et al. “Weight regain and cardiometabolic effects after withdrawal of semaglutide: The step 1 trial extension.” *Diabetes, Obesity and Metabolism*, vol. 24, no. 8, 19 May 2022, pp. 1553–1564, <https://doi.org/10.1111/dom.14725>.
3. Ally, AJ, et al. “Payer Strategies for GLP-1 Medications for Weight Loss.” Milliman, 25 Aug. 2023, www.milliman.com/en/insight/payer-strategies-glp-1-medications-weight-loss.
4. Volpe, Kristin Della. “Can SGLT2 and GLP1 Agents Be Cost-Effective First-Line Treatments for Diabetes?” *Clinical Advisor*, 7 Nov. 2023, www.clinicaladvisor.com/home/topics/diabetes-information-center/type-2-diabetes-information-center/sglt2-glp1-agents-cost-effective-diabetes/



Disclaimer and Non-Disclosure

The information, materials, calculations, totals and analyses contained in and on these pages (and throughout this worksheet and workbook) are general in nature and are subject to change. These materials/calculations and analyses are not meant to replace any professional legal, actuarial, or accounting services. You may wish to consult your actuary, accountant, or attorney for specific advice as to how this information may apply to your situation.

This presentation/proposal and any attachments are the confidential work-product for a specific client of AP Benefit Advisors, LLC, an AssuredPartners company. It is covered by the terms and conditions in our Mutual Non-Disclosure Agreement with our client and may not be shared with anyone that is not an employee of the Client and/or the Client's legal counsel. No other third parties may receive, review or discuss the content of this presentation/proposal or any of the attachments. This is for Client's sole consideration, discussion and/or implementation.



assuredpartners.com

