SOCIETY OF ACTUARIES®

Health

2025 SOA MEETING

Health
2025 SOA MEETING

SOCIETY OF ACTUARIES®

Session 8B: An Actuarial Perspective on GLP-1s - What Have We Learned and Where Are We Going?

June 25, 2025

Presenters:

Sara Drake RPh, MPH, MBA
Jon Lewis, FSA, MAAA
Ron Ogborne, FSA, CERA, MAAA

SOA Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.
The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- Do not discuss prices for services or products or anything else that might affect prices
- Do not discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- Do not speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- Do leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- Do alert SOA staff and/or legal counsel to any concerning discussions
- Do consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone's responsibility; however, please seek legal counsel if you have any questions or concerns.

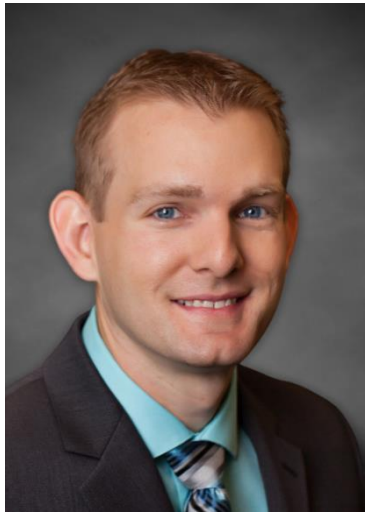
Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.

Presenters

Sara Drake, RPh, MPH, MBA
Principal
MercerRx

Jon Lewis, FSA, MAAA
Partner
MercerRx



Ron Ogborne, FSA, MAAA, CERA
Partner
Mercer GHSC

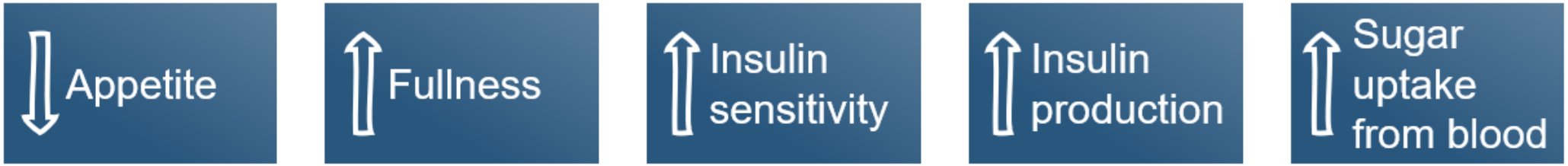
Today's Objectives

- Provide a quick refresher on the history of GLP-1 products
- Survey the current GLP-1 coverage landscape in the employer and Medicaid markets, including recent trends
- Review the challenges for actuaries related to GLP-1 products today
- Highlight anticipated clinical and regulatory developments for GLP-1 products
- Discuss potential market-based changes for GLP-1 products and their impact on coverage, pricing, and forecasting

What are GLPs and how do they work?

GLPs (or glucagon-like peptide agonists) are a class of drugs primarily indicated for the treatment of type 2 diabetes and obesity because they increase insulin release, delay digestion, and decrease appetite

GLPs are also being studied for efficacy in cardiovascular disease, among other conditions – expanding their use case significantly over time



Different brand names with the same active ingredient are marketed for diabetes vs. weight loss

For example:

Diabetes	Weight Loss	Active Ingredient
Ozempic	Wegovy	*semaglutide*
Mounjaro	Zepbound	*tirzepatide*

Timeline of GLP-1s

GLP-1s Initially Discovered in the 1980s and experienced a slow ramp up until recently

2005	2012	2014	2017	2021	2022	2023	2024	2025
Bayetta First GLP-1 approved by the FDA	**Trulicity --** First once weekly GLP-1 approved	**Saxenda** First GLP-1 approved for obesity	**Ozempic** Approved by the FDA for treatment of Diabetes	**Wegovy** Approved for treatment of obesity	**Mounjaro** FDA approved for treatment of obesity. Shortages of GLP-1s begin as a result of rapidly growing demand	**Zepbound** Approved for treatment of obesity	**Wegovy** approved for secondary CV risk reduction **Zepbound** approved for Sleep Apnea	**Wegovy and Zepbound** shortages resolved. Compounding market affected

GLP-1s Have been on the market for 20 years, but utilization growth accelerated more recently

Key Considerations for Obesity Treatment Drug Coverage

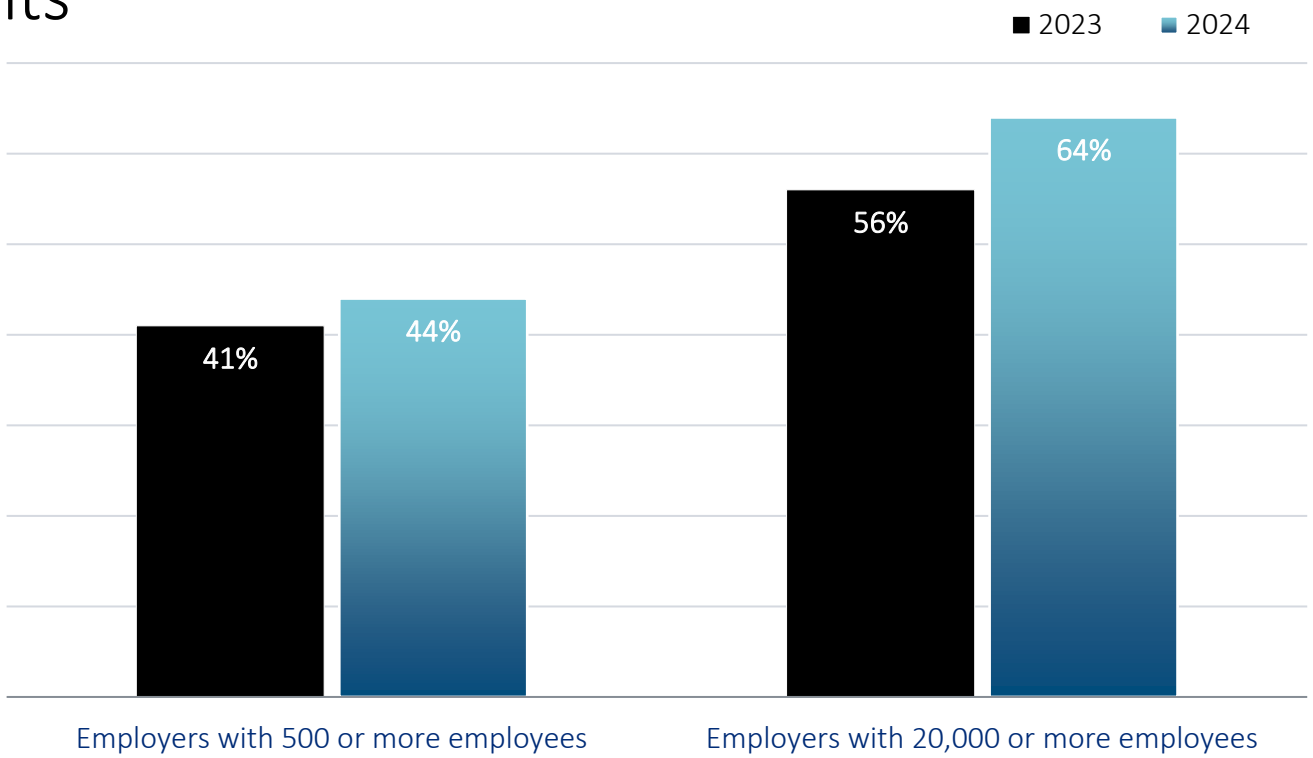
- Clinical Outcomes
- Cost
- Discontinuation Rate
- Employee Satisfaction
- Employee Turnover
- Overall Benefit Package
- Utilization Management
- Weight Loss Sustainability

The obesity treatment benefit coverage and plan design decision is challenging due to multiple factors

Clients that cover weight loss medications are experiencing high pharmacy trends due to member utilization and high costs per prescription

Employer Coverage Trends

- Most employers covering obesity medications impose authorization requirements



Mercer National Survey of Employer-Sponsored Health Plans 2024

Medicaid Coverage Trends

- State Medicaid programs are required to include coverage of all “Covered Outpatient Drugs” with few exceptions[1]
  - Defined as products made by manufacturers who participate in the federal Medicaid drug rebate program and are used for “clinically accepted indication”
  - Medicaid programs have the option to exclude drugs used for weight loss, weight gain, fertility, hair growth, cosmetic indications, cough and cold, vitamins, and OTC products
  - Medicaid programs always receive rebates based on the federal formula that includes “best price.”
- Some states have elected to cover prescriptions for weight loss. Others continue to exclude weight loss drugs from coverage.
- CMS Proposed Rule released November 2024 would have prohibited Medicaid from excluding the obesity category; new administration did not finalize the rule.
- Medicaid programs do not have the option to exclude products (including Wegovy) used for CV prevention
- States are allowed to apply utilization management such as prior authorization or quantity limits

1. Social Security Act Section 1927 [42 U.S.C. 1396r-8]

The Challenge of GLP-1 Medications

Cost Per Member Treated

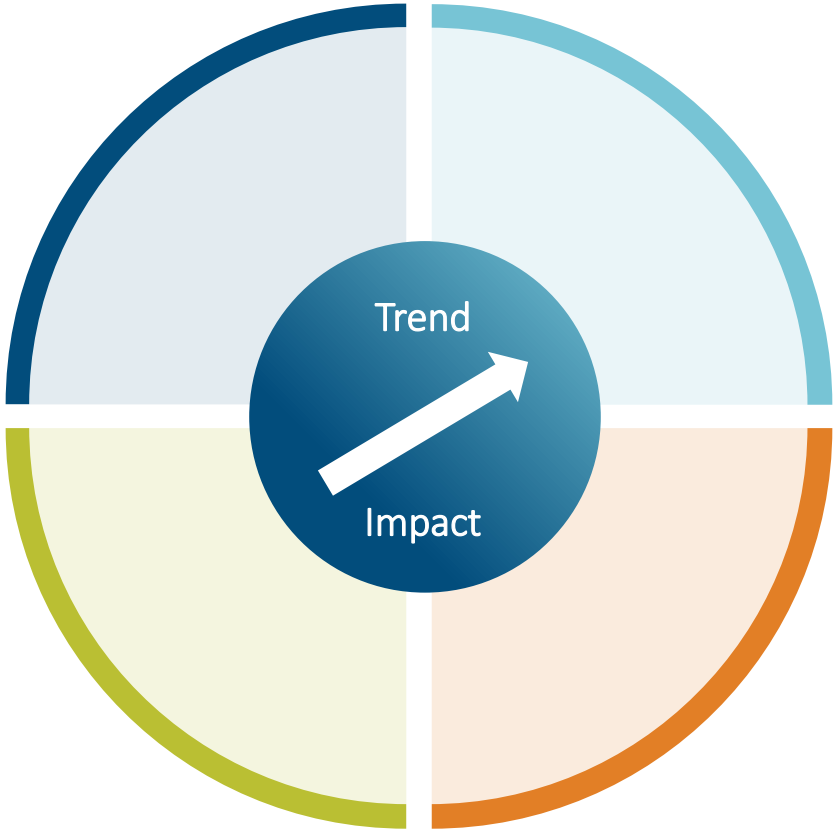
Utilization

High Cost, Low Utilization

- Many specialty drug classes, including
  - Gene and Cellular Therapies
  - Cystic Fibrosis
  - Hemophilia
  - Enzyme Replacement Therapies
- Important consideration for stop loss strategies

Low Cost, Low Utilization

- Typically older generic products that are used infrequently as clinical guidelines have changed. Examples:
  - Older generation diabetes treatments (glyburide, glipizide)
  - Older antibiotics
  - Older anxiety medications



High Cost, High Utilization

- GLP-1 medications for diabetes and weight management
- To a lesser extent, other treatments that fall into this category include:
  - Insulins
  - Newer migraine treatments such as the CGRP inhibitors
  - Newer mental health therapies such as Trintellix, Vraylar

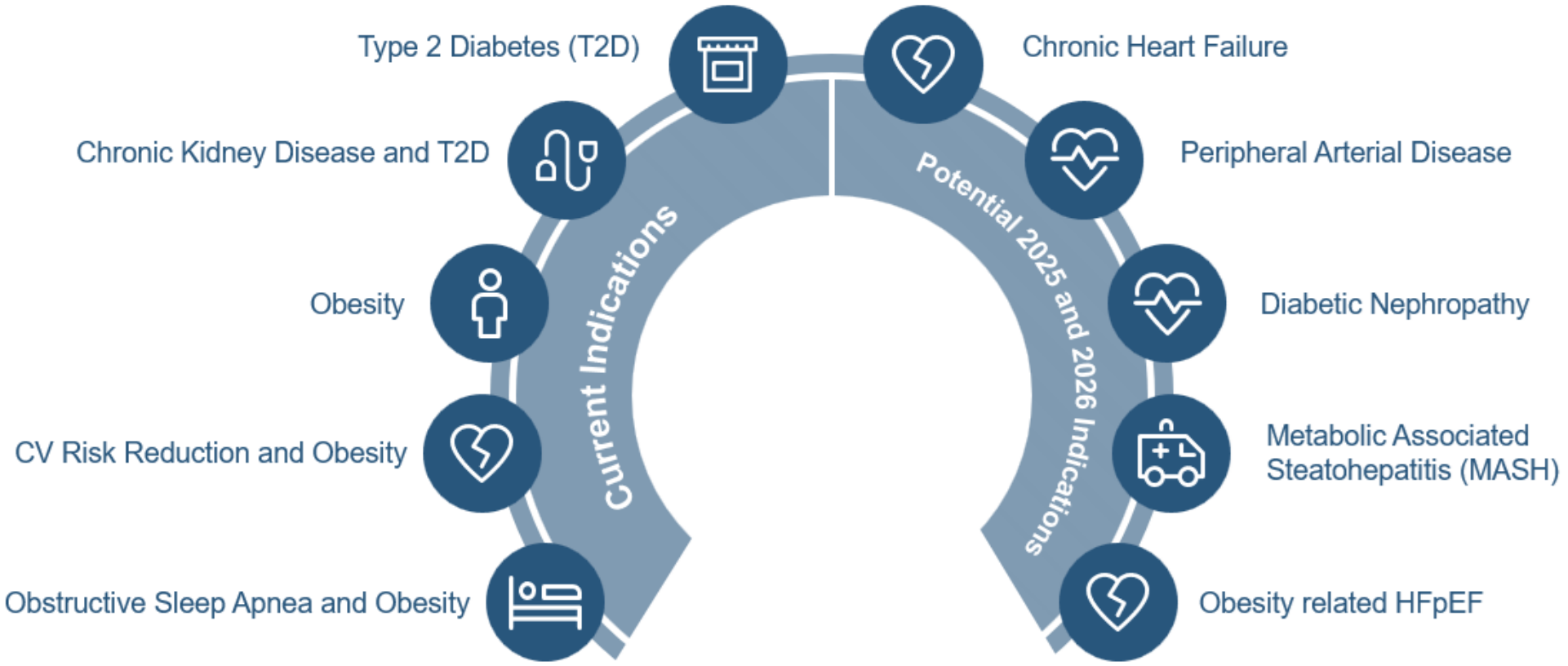
Low Cost High Utilization

- Generic products used for common conditions, includes:
  - Statins for high cholesterol
  - Blood pressure medications (ACE inhibitors, ARBs, etc)
  - Older diabetes medications (metformin)
  - Established mental health therapies (SSRIs, second generation antipsychotics)

Impact of Rx Management Strategy Options

Strategy	Description	Expected Utilization Impact	Expected Rx Rebate Impact
Shorten PA renewal timeframe	Require more check-ins as members continue therapy	↔	↔
Limit the Pool of Prescribers	Allow coverage only when drug prescribed by designated specialists or point solution	↓	↔
Increase BMI Threshold	Allow coverage only for the highest risk individuals, based on BMI	↓↓	↓↓
Increased prescriber documentation requirements	Require submission of chart notes to document member progress	↔	↓↓
Define wellness program	Provide more definition around nutrition and wellness requirements, or select single vendor	↔	↔
Delay initiation of therapy	Require trial and failure of non-drug steps and ensure active engagement with coaching prior to approval	↓	↓↓
Require ongoing engagement	Discontinue coverage if ongoing engagement in coaching is not confirmed	↓	↓↓

Diabetes, Obesity, and Beyond



Additional Ongoing Research Areas

- Osteoarthritis of knee and obesity
- Alzheimer's Disease
- Polycystic Ovary Syndrome
- Diabetic Retinopathy
- Addiction Disorders

The Drug Pipeline for Obesity Treatment

147 New weight management drugs in development

11 Major manufacturers

11 Mechanisms of action

2 Oral products expected in the next 18 months

Source: STAT news obesity drug tracker, IPD Analytics

PBM Responses to the Market Evolution

As drug shortages have resolved, PBMs have begun rolling out new initiatives related to GLP-1s

Channel Strategies

Formulary Strategies

Utilization Management and Lifestyle Support Partnerships

Direct to Consumer Pricing

Copay Coupons

Reduce out of pocket cost for members

Manufacturer Dispensing

Manufacturers bypass traditional pharmacy channels

Direct to Consumer Pricing

Lower pricing for people without coverage

What about GLP-1 ROI?

GLP-1s appear effective for multiple conditions, but cost effectiveness remains elusive

No reduction in medical cost trend observed for members taking GLP-1

Adherent members incur higher drug costs but do not show significant difference in medical cost trends compared to non-adherent members

Total cost of care was higher for GLP-1 utilizers

No reduction in obesity related medical events seen over the two year period

After two years, only 15% of members were still on GLP-1 therapy

GLP-1s were not cost effective at current net prices.

Separate study showed greater coverage for GLP-1 in Medicare would greatly increase spending over 10 years

A third study showed estimated total health care spending by weight reduction was significant – but not as significant as GLP-1 cost

Widespread uptake of semaglutide among people with established CV disease would prevent a large number of CV events

Economic value would be low at current US prices

More than 30% of patients dropped out of treatment after the first 4 weeks

Most individuals did not stay on treatment for a minimum of 12 weeks

Currently available evidence doesn't show positive financial ROI – at least not in the short term, and especially when the costs of discontinuations are considered.

Long term savings potential exists if patients continue on therapy and/or succeed in long term weight management through drug therapy, lifestyle management, or a combination of the two.

GLP-1 Study References

- **Nature** Xie Y, Choi T, Al-Aly Z. Mapping the effectiveness and risks of GLP-1 receptor agonists. Nat Med. 2025 Mar;31(3):951-962. doi: 10.1038/s41591-024-03412-w. Epub 2025 Jan 20. Erratum in: Nat Med. 2025 Mar;31(3):1038. doi: 10.1038/s41591-025-03542-9. PMID: 39833406.
- **Prime Therapeutics** Gleason, et all. Real-World Analysis of Glucaon Like Peptide-1 (GLP-1) Agonist Obesity Treatment Year-Two Clinical and Cost Outcomes. Prime Therapeutics, October 24, 2024
- **JAMA** Hwang JH, Laiteerapong N, Huang ES, Kim DD. Lifetime Health Effects and Cost-Effectiveness of Tirzepatide and Semaglutide in US Adults. JAMA Health Forum. 2025;6(3):e245586. doi:10.1001/jamahealthforum.2024.5586
- **European Heart Journal** S Hennessy, J Penko, B K Bellows, P G Coxson, K D Sims, A Beatty, K Bibbins-Domingo, K Inoue, A E Moran, D S Kazi, Cost-effectiveness of semaglutide for secondary prevention of cardiovascular disease in the United States, *European Heart Journal*, Volume 45, Issue Supplement_1, October 2024, ehae666.3621, https://doi.org/10.1093/eurheartj/ehae666.3621
- **BCBS** Blue Health Intelligence Issue Brief. Real-World Trends in GLP-1 Treatment Persistence and Prescribing for Weight Management. May 2024
- **United Healthcare** United HealthCare Services, GLP-1 Therapy and Medical Cost Trend Analysis. 2025 Internal Analysis, Healthcare Economics
- **JAMA** Hwang JH, Laiteerapong N, Huang ES, Mozaffarian D, Fendrick AM, Kim DD. Fiscal Impact of Expanded Medicare Coverage for GLP-1 Receptor Agonists to Treat Obesity. JAMA Health Forum. 2025 Apr 4;6(4):e250905. doi: 10.1001/jamahealthforum.2025.0905. PMID: 40279111; PMCID: PMC12032556.
- **JAMA** Thorpe KE, Joski PJ. Estimated Reduction in Health Care Spending Associated With Weight Loss in Adults. JAMA Netw Open. 2024;7(12):e2449200. doi:10.1001/jamanetworkopen.2024.49200

Questions?

Provide Your Feedback