Obesity Treatment Medications from the Payer Perspective

SAMPA

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A business of Marsh McLennan

Statement of Disclosure

- ✓ I have no relevant conflicts of interest to report

Learning Objectives

At the Conclusion of this Educational Activity, Participants will be able to:

Describe the challenges state Medicaid Pharmacy Directors face related to obesity treatment, drug coverage, and cost

List the variables driving utilization projections

Describe the modeling approach for projecting future obesity treatment drug cost and utilization

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Learning Assessment Questions

True or False?

State Medicaid Pharmacy Directors enjoy universal support from all stakeholders for obesity treatment drug coverage decisions.

True or False?

Currently, historical utilization claims data is the primary input used in modeling future utilization of obesity treatment medications.

Which of the following variables should be considered and incorporated when projecting utilization and spend for obesity treatment medications?

A. The prevalence of obesity and overweight in the state

B. Expected uptake by the eligible population

C. Adherence to therapy

D. All of the above, plus additional variables

Our Discussion Today

1. Coverage Landscape
2. Stakeholders
3. Approach to Estimating Capitation Impacts
4. Other Considerations
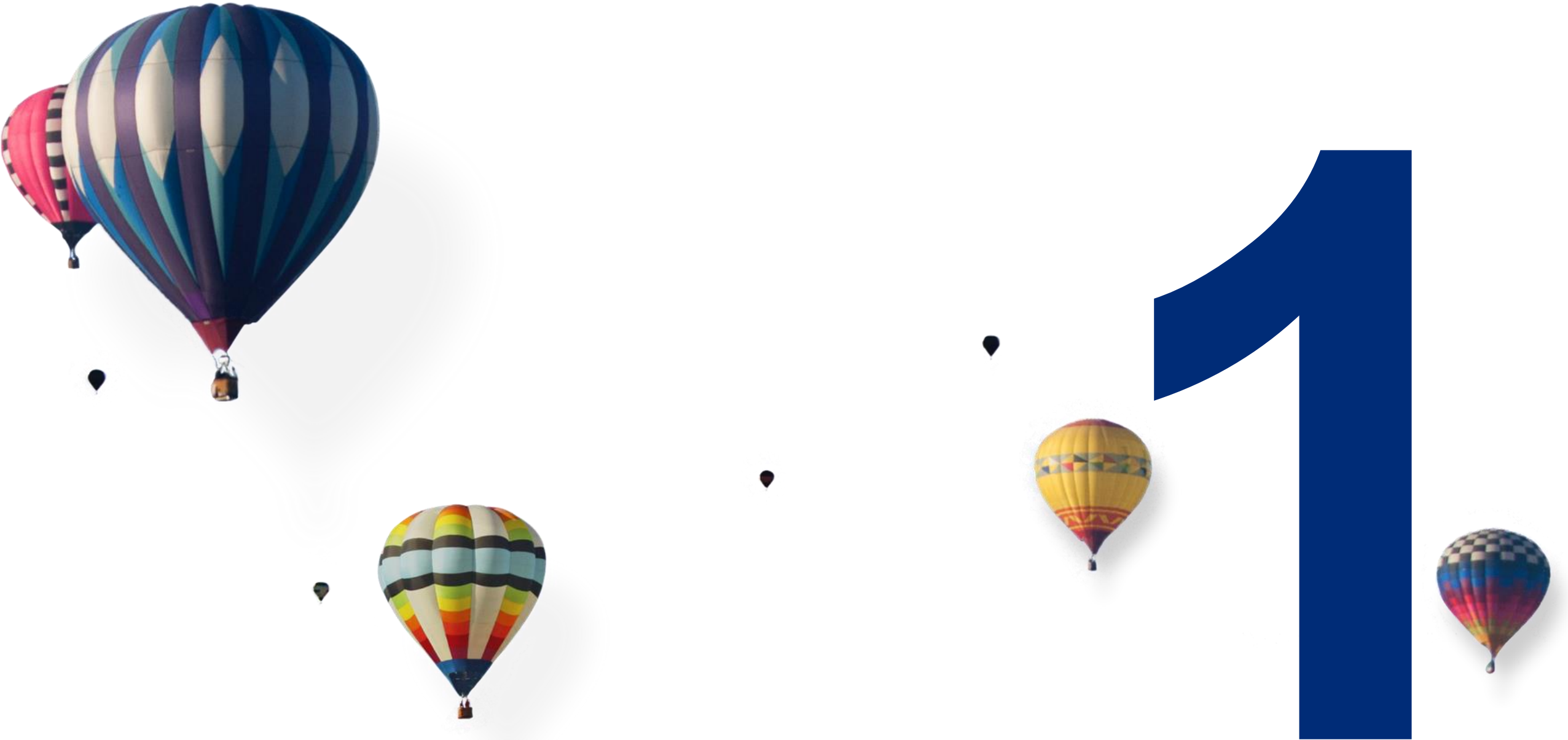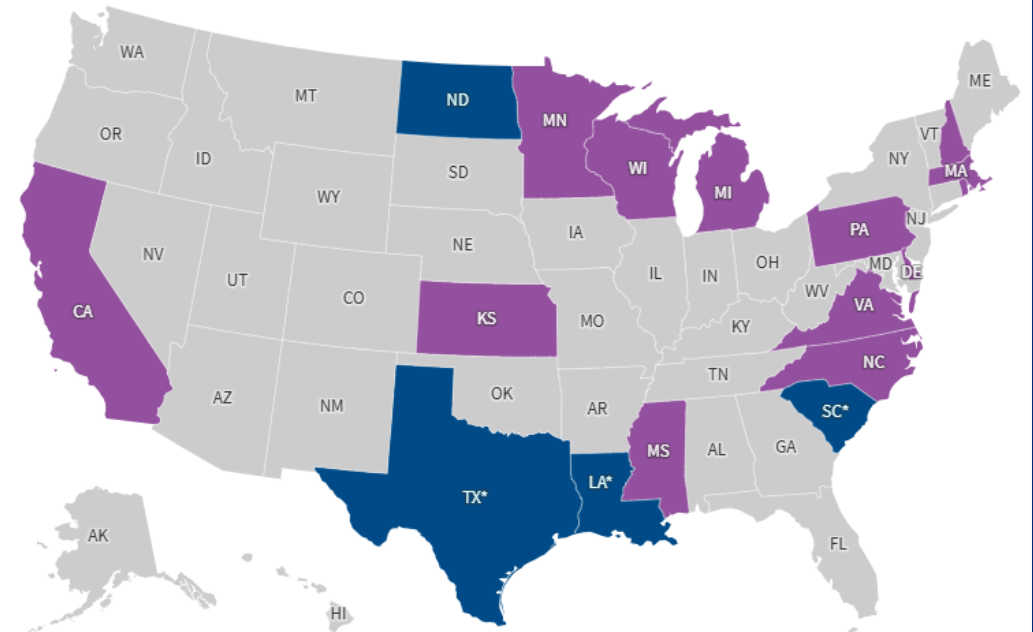5. Ongoing Monitoring
6. Test Time and Questions
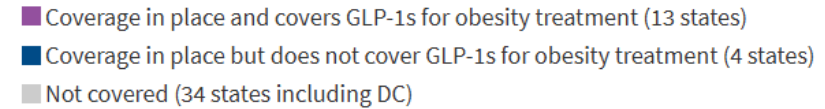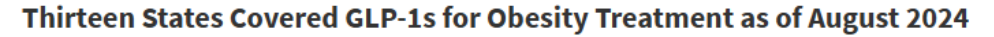

Jim Cook

A Senior Principal in the Mercer Government practice.

Jim assists Mercer's Medicaid clients with the management of pharmacy benefits.

Coverage Landscape

1

Coverage Landscape

- According to KFF, 13 states cover GLP-1s for obesity treatment as of August 2024 (already out of date!)
- Currently, the FDA has approved three GLP-1 agents for obesity treatment: Saxenda, Wegovy, and Zepbound
- State coverage criteria varies

Thirteen States Covered GLP-1s for Obesity Treatment as of August 2024

- Coverage in place and covers GLP-1s for obesity treatment (13 states)
- Coverage in place but does not cover GLP-1s for obesity treatment (4 states)
- Not covered (34 states including DC)

Note: GLP-1 = glucagon-like peptide-1. Coverage is under fee-for-service as of August 2024. FL did not respond to the 2024 survey; publicly available data used to verify status. NC reported adding coverage of obesity drugs in August 2024 and is included here. *These states, either in survey responses or publicly available data, noted coverage was limited to one drug (Orlistat).

https://www.kff.org/medicaid/issue-brief/medicaid-coverage-of-and-spending-on-glp-1s/

Stakeholders

2

Stakeholder Feedback

Patients

Provider Groups

State Medicaid officials

State Budget Officials

Legislators

Pharmacy industry

Others

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Approach to Estimating Capitation Impacts
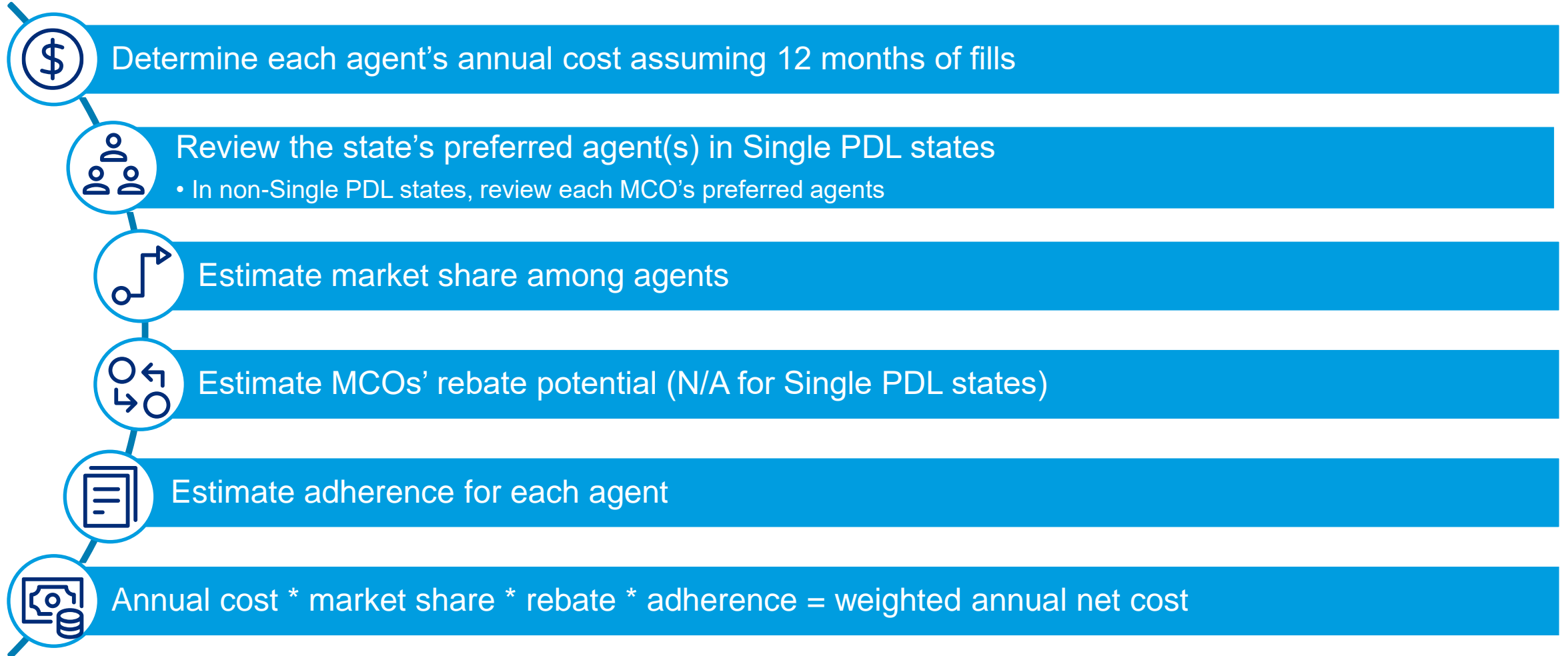
3

Review Base Utilization Data?

Generally, reviewing base data is the first step for established therapies

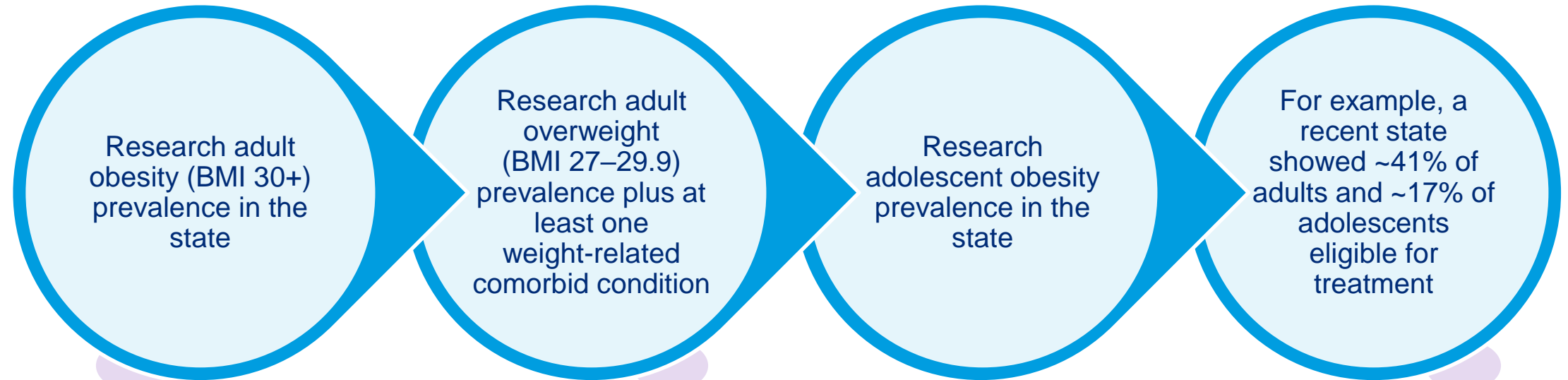Obesity treatment with GLP-1s

- Utilization data is limited or non-existent
- For states covering obesity treatment with GLP-1s in the base period, drug shortages muted impact

Conclusion — currently, at best, base data serves as a reference point but is not a primary input in our modeling

Determine Average Annual Cost

Determine each agent's annual cost assuming 12 months of fills

Review the state's preferred agent(s) in Single PDL states
• In non-Single PDL states, review each MCO's preferred agents

Estimate market share among agents

Estimate MCOs' rebate potential (N/A for Single PDL states)

Estimate adherence for each agent

Annual cost * market share * rebate * adherence = weighted annual net cost

Determine Treatment Population

Research adult obesity (BMI 30+) prevalence in the state

Research adult overweight (BMI 27–29.9) prevalence plus at least one weight-related comorbid condition

Research adolescent obesity prevalence in the state

For example, a recent state showed ~41% of adults and ~17% of adolescents eligible for treatment
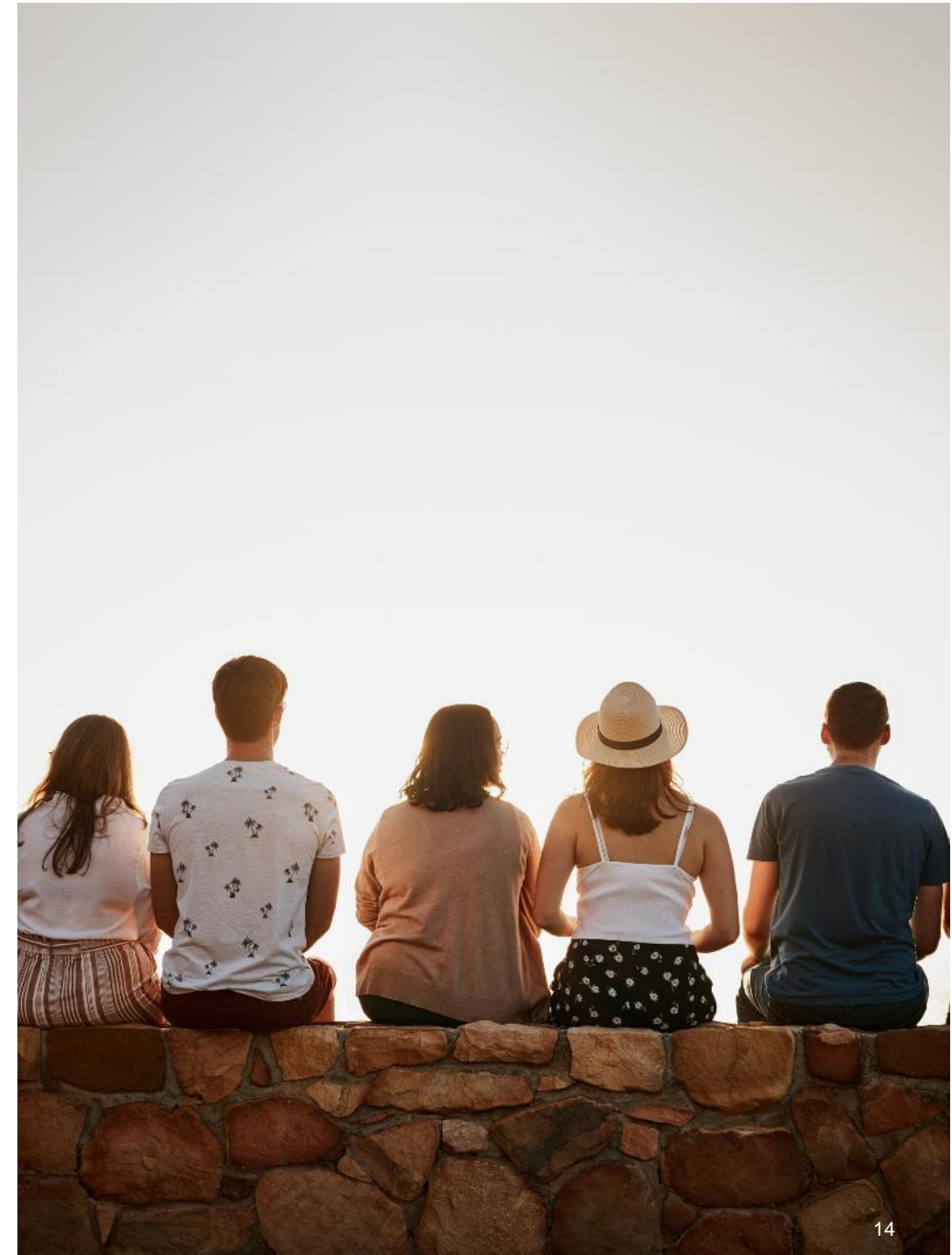
- **Sum steps 1 and 2 above to arrive at total percent of adult population eligible for treatment**

Estimate Uptake

Among the treatment-eligible population, not all will seek treatment

Uptake assumptions shift with changing circumstances

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Remove Diabetic Members

Next, projections assume that some percentage of the treatment population is already being treated with a diabetes GLP-1

Research prevalence of diabetes in the state; assume an increase to that among overweight and obese members

Use this result to reduce the potential obesity treatment population

Estimate Shift

Finally, assume some diabetic GLP-1 patients will shift to a weight loss GLP-1

Update the annual weighted net cost to reflect these shifts

Final Impact

(Treatment population [minus] diabetics being treated)

*

weighted annual net cost

=

final capitation impact

Summary

Summary of variables that can affect (or be customized to) each state's circumstances:

- Historic utilization data availability
- Annual weighted net cost
- Treatment population
- Uptake
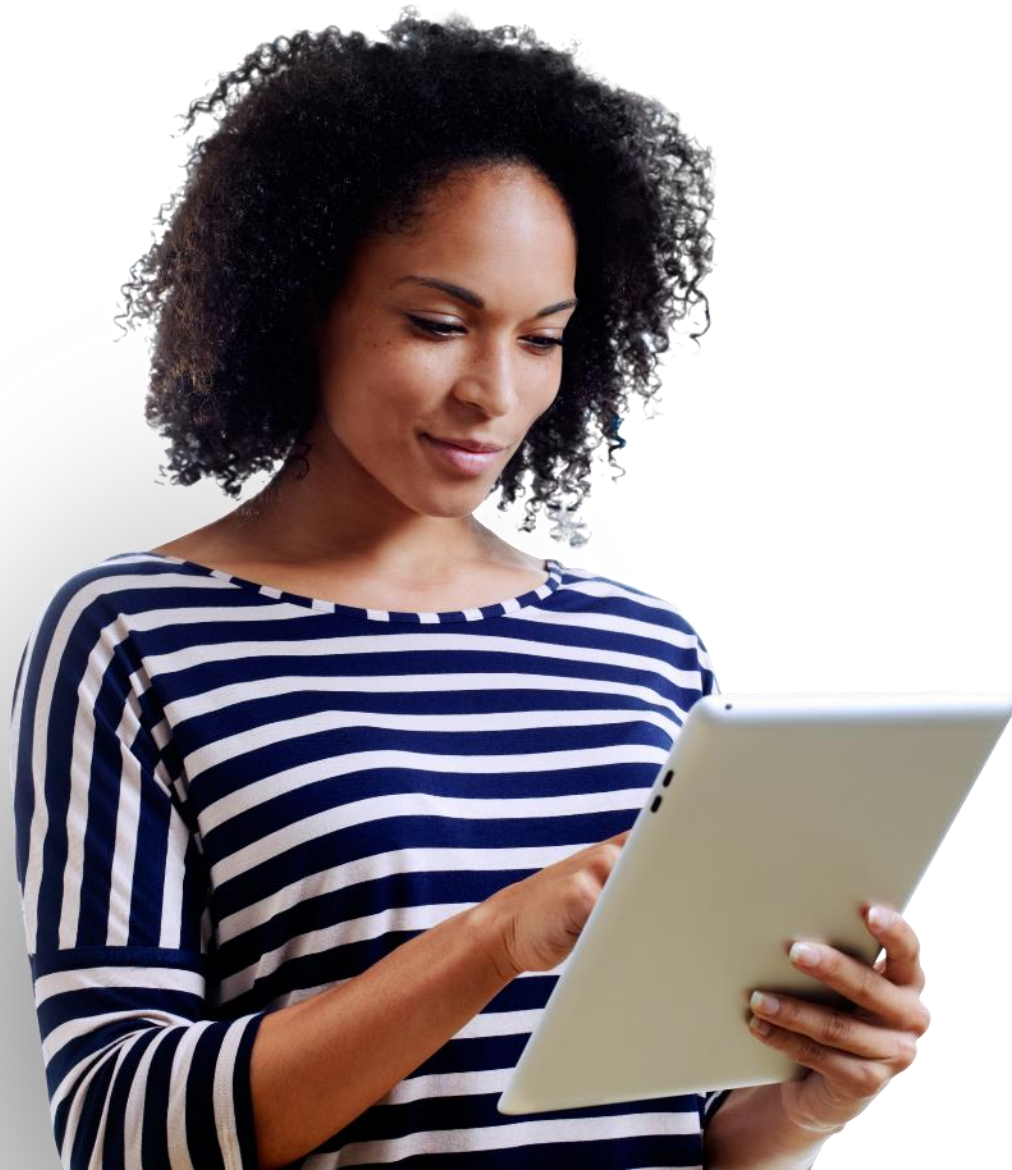- Diabetic treatment
- Shifts among agents

Recent Results

Current trend lines are aggressive

In programs with ~2 million members, estimates are ~$300 million gross spend for capitation rate development (PMPMs from $10–$15)

When states go live with coverage, ramp up is fast, and gross spend can increase by $2 million to $3 million every month
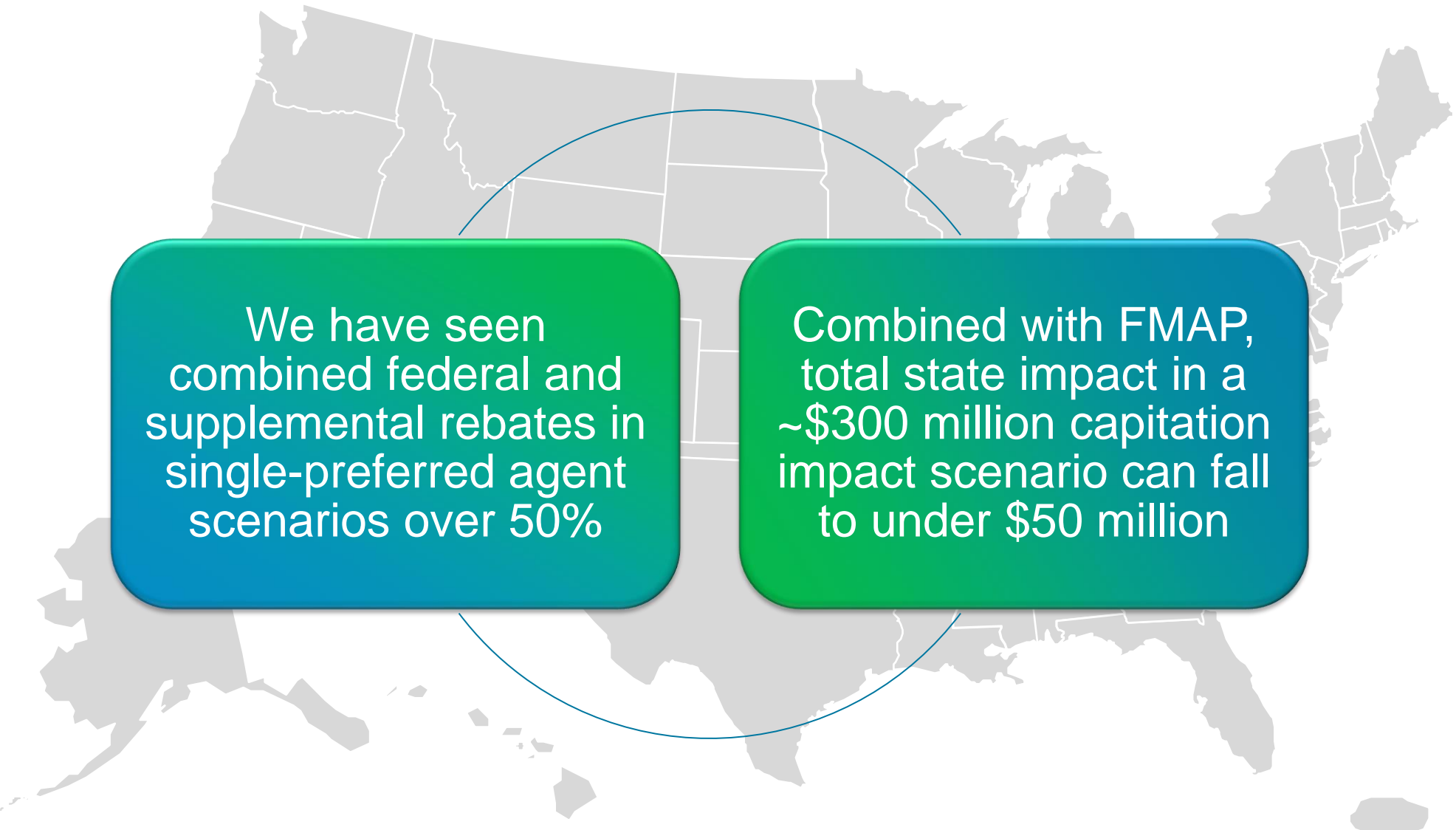
Other Considerations

4

Emerging Recent Data

Health plans and state officials are sometimes able to supply more recent utilization data

Actuarial and pharmacy teams review for completeness

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State Share

We have seen combined federal and supplemental rebates in single-preferred agent scenarios over 50%

Combined with FMAP, total state impact in a ~$300 million capitation impact scenario can fall to under $50 million

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Ongoing Monitoring

5

What's Next?

Additional indications?

⬇

The "New Year's Resolution" phenomenon?

⬇

Supply issues or price changes?

⬇

Adherence?

⬇

Novo and Lilly direct-to-consumer programs?

⬇

Oral GLP-1s?

⬇

States tightening criteria?

Test Time and Questions

6

Learning Assessment Questions

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Questions?

Jim Cook, Senior Principal

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