

Medicaid and Obesity Management Medications

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Obesity Management Medications and Strategies for State Medicaid Programs

The link between obesity and increased risk of Type 2 diabetes, heart disease, cancer, and other medical concerns has become clearer. Prescription obesity management medications are playing a role in addressing the obesity epidemic. They may provide additional weight loss benefits compared to lifestyle modifications alone. Because of the substantial associated weight loss of these medications, there has been an increased uptake of state Medicaid program coverage. This Flash discusses the impact, availability, and costs.

Background

Common, Serious, and Costly

Overweight and obesity are chronic diseases with increasing prevalence in the United States, defined by the Centers for Disease Control and Prevention (CDC) as weight higher than what is considered healthy for a given height. Body mass index (BMI) is a primary screening tool for diagnosis of overweight and obesity. Obesity, if not treated, may result in numerous diseases, such as increased risk of certain types of cancers, heart disease, type 2 diabetes, and stroke. Additionally, significant medical and economic costs are associated with the obesity epidemic.

Prevalence of Obesity

Recent CDC studies show an estimated one in five children, and more than one in three adults, are obese. Due to the rising impact on youth, the American Academy of Pediatrics updated their guidance in January 2023, which supports using weight loss medications in adolescents (ages 12 years and older) as an adjunct to healthy behavior and lifestyle treatment. According to CDC's Division of Nutrition, Physical Activity, and Obesity, the United States spends \$147 billion on obesity-related healthcare, however, other reports estimate a much higher cost of \$260.6 billion for medical costs alone.

Obesity Management Medications

Five FDA-approved Prescription Medications

There are five Food and Drug Administration (FDA)-approved prescription medications for chronic weight management including Wegovy® (injectable), Saxenda® (injectable), Qsymia® (oral), Contrave® (oral), and Xenical® (oral). The injectable medications are significantly more expensive than the oral chronic weight management medications but tend to be more effective with less contraindications. Limited

availability of head-to-head clinical trials make direct assumptions regarding efficacy challenging; however, based on similarly designed clinical trials, Wegovy appears to be the most efficacious of all the FDA-approved agents for chronic weight management. Unexpected demand for Wegovy resulted in shortages and subsequent off-label use of some medications used to manage diabetes, such as Ozempic (same active ingredient as Wegovy), which in turn led to a limited supply of Ozempic.

Four of the five aforementioned drugs are FDA-approved in adolescents (only Contrave is not). There are also numerous agents in development for chronic weight management, including tirzepatide, which is currently marketed by Lilly as the brand name Mounjaro™ (injectable) to manage type 2 diabetes. The FDA could grant approval of tirzepatide for treatment of obesity in 2023. Additional research is ongoing to confirm the benefits of anti-obesity therapies beyond weight loss (e.g., cardiovascular).

Economic Review of Weight Loss Medications

In October 2022, the Institute for Clinical and Economic Review (ICER) released an effectiveness and value review of four weight loss medications: Wegovy, Saxenda, Qsymia, and Contrave. Based on a review of clinical studies, ICER concluded that greater weight loss was seen with Wegovy and Qsymia. While both Wegovy and Saxenda were found to improve both blood sugar and blood pressure, ICER found evidence lacking for long-term cardiovascular outcomes in patients with obesity without diabetes.

From an economic standpoint, ICER stated both Contrave and Qsymia meet commonly accepted, cost-effective thresholds when compared to lifestyle modifications alone while Wegovy and Saxenda do not meet those thresholds. ICER's health-benefit price benchmark range of Wegovy was \$7,500 to \$9,800 per year. The current annual wholesale acquisition cost of Wegovy is \$18,239.

Widespread Clinical Approval and Recommendations

Several national clinical organizations support the use of obesity management medications, such as the American College of Endocrinology, the Endocrine Society, the American Diabetes Association, and the American Association of Clinical Endocrinology. While their treatment guidelines and consensus statements support the use of these medications, they do outline recommendations for when and how pharmacotherapy should be used for weight management (e.g., in conjunction with lifestyle therapy, in select high risk individuals, BMI requirements, etc.). At this time, collectively, the organizations do not support one individual agent over another.

How State Medicaid Programs are Taking Action

Past and Present Perceptions of Obesity Management Medications

Historically, many state Medicaid programs were resistant to cover obesity management medications due to questionable efficacy, safety issues (i.e., side effects associated with medications), and the perception that these drugs are considered a cosmetic aid. However, the link between obesity and increased risk of type 2 diabetes, heart disease, cancer, and other medical problems has become clearer. Prescription obesity management medications are playing a role in addressing the obesity epidemic, as they may provide additional weight loss benefits compared to lifestyle modifications alone.

Coverage of Medication Costs and Programs

State Medicaid programs may choose to cover FDA-approved obesity management medications and can receive federal match for obesity management medications following an approved state plan amendment. Obesity management medications are considered an optional benefit for Medicaid programs but are statutorily excluded from Medicare coverage, although legislation has been proposed to remove the exclusion. If states move forward with coverage of obesity management therapies, utilization of these therapies by dual-eligible enrollees would be required to be covered by the state

Medicaid program. In addition to obesity management medications, various state Medicaid programs offer coverage for obesity counseling, nutrition counseling, and bariatric surgery.

Fiscal Impact with Obesity Management

According to the Urban Institute, there are 16 state Medicaid programs currently covering at least one FDA-approved obesity management medication by at least one state-level Medicaid managed care plan. Medicaid coverage is rapidly evolving as states evaluate coverage with multiple states indicating they are exploring coverage. A 2021 analysis found that the economic impact of 100% uptake of weight loss medications would reduce both Medicare and Medicaid spending and increase tax revenue over 75 years.

Important Next Steps for State Medicaid Programs

As decisions for obesity management medications evolve, state Medicaid programs should be prepared to evaluate how these therapies can best be managed in the fee-for-service and managed care environments.

In particular, states should consider:

- Current coverage policies related to these therapies, including preferred therapies and giving consideration to both efficacy and net cost.
- Prior authorization and medical necessity criteria, as appropriate.
- Coverage of obesity management medications in conjunction with coverage of other obesity management interventions (e.g., bariatric surgery, disease management, nutritional counseling, etc.) to ensure consistent and continued coverage.

Potential impact to managed care capitation rates as utilization accelerates.

Questions for Your Specific State?

Please contact [Bethany Holderread](#), [Abigail Charlier](#), or your Mercer pharmacy consultant to discuss the impact for your specific state program. You may also email us at mercergovernment@mercergov.com.

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