

From: [DVMD \(Dave Moody\)](#)
To: [ETF SMB Board Feedback](#)
Subject: Projected Cost of Adding Anti-Obesity Medications to the State of Wisconsin Group Health Insurance Program
Date: Monday, May 15, 2023 6:28:40 AM
Attachments: [Projected Cost of Adding Weight Loss Drugs to GHIP Commercial Formulary 230515dm.docx](#)

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Please find the attached from Novo Nordisk, Inc. regarding the projected cost of adding Anti-Obesity Medications to the Wisconsin Group Health Insurance formulary. Thank you.

Sincerely,
David Moody
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May 15, 2023

ATTN: Members of the Group Insurance Board

Projected Cost of Adding Weight Loss Drugs to the GHIP Commercial Formulary

There is a need for clarification regarding the data used to generate the cost estimates shared by ETF for adding weight loss drugs to the commercial formulary. Within the past year, Segal's cost estimates have trended downward significantly. However, their estimates continue to be much higher than actual costs experienced by other state employee plans as shared in previous Board correspondence. [GIB 8A - Memo - GIB Correspondence - 06.30.22 \(wi.gov\)](#)

- As reported in the April 15, 2022, Board meeting memo [direct \(wi.gov\)](#), Segal calculated that adding weight-loss drugs to the commercial pharmacy formulary would cost between \$20 million - \$30 million a year.
- As reported in the June 16, 2022 Memo [GIB 4 - Memo - Weight-Loss Drug Coverage Options Review - 06.30.22 \(wi.gov\)](#), Segal's estimated cost for adding weight-loss drugs to the formulary to be in the range of \$12 million - \$17 million.
- As reported in the April 21, 2023 Memo [GIB 3C - Memo - 2024 Program Agreement and Benefit Changes - 05.17.23 \(wi.gov\)](#), Segal expects a cost increase of between \$9 million – \$14 million annually if weight-loss drug coverage was added to the formulary.

Offers to meet with ETF staff to provide additional insight and information regarding projected costs have not been accepted. Therefore, following is a summary of real-world cost data that may not be captured by Segal in developing their estimates.

Summary:

The estimated premium impact based on 80/20 cost share would be in the range of \$1.34 – 1.67 PMPM for ETF and \$.33 - .41 PMPM for the member. (\$3.2 – 4 million ÷ 160,000 members ÷ 12 months).

Based on analysis of cost minus offsets, ETF could realize a negative health spend on members treated with anti-obesity medications by the end of year two^{1,2}.

Obesity is a chronic disease and not a personal choice or lack of will power and therefore, must be treated like other chronic diseases.

All FDA approved medications, including AOMs, have been reviewed by the FDA and have been determined to be safe and effective for the approved indications.

In conclusion, we encourage the GIB members to not accept the ETF recommendation and instead approve AOM coverage, thereby helping to address the gap in chronic weight management treatment for state employees.

Inputs: (cost to cover Anti-Obesity therapies)

Estimates based on current real-world utilization where anti-obesity medication access is supported by commercial plan sponsors predicts a budget for ETF of \$3.2 - \$4 million annually. Estimates on uptake and product mix are based on IQVIA Plantrak data from January 27th - April 28th, 2023. Duration of therapy estimate timeframe is November 2021- January 2023.



- Number of ETF members meeting age requirements for care estimated at 160,000; members eligible based on disease severity estimated at 91,000.
- Uptake of treatment estimated at 1.5% or 1364 members.
- Current State of Wisconsin utilization of Anti-obesity medication is 55% generic; 42% branded injection; 3% branded orals. An analysis of ETF members yields a 70% branded injection use; 8% branded oral use and 22% generic use.
- Duration of therapy estimates: Generic - 3 months; Branded injection - 6 months; Branded oral - 4 months, annually
- Estimated rebates are based on prediction ranges of 23-40% for branded products and 0% for generic medications.
- Co-insurance estimates are \$10 generic/\$50 branded Tier copay/co-insurance

Net annual cost per member treated is estimated to be \$2350- 2750.

Cost Offsets:

- In a retrospective cohort study data analyzed from the IBM MarketScan Explorers Claims-EMR Data set documented a 2-year claims cost reduction in the range of \$3700 - \$4450 based on non-surgical weight loss of greater than 5%¹
- A recent Population Health Management article measuring the clinical and cost benefits of anti-obesity medications for the US Veterans showed a 2-year total cost savings of \$675 per member treated²
- Based on the additional efficacy seen with the newer Anti-obesity medications one may conclude additional value realized by ETF if these medications were covered.

Long-Term Maintenance Therapy

Further, obesity is a chronic, cardiometabolic disease that may, like most other chronic diseases, require long-term maintenance therapy in many patients to maintain clinical benefit. Published long-term data with anti-obesity medications (AOMs) is currently limited to 3 years. Unfortunately, medication adherence for cardiometabolic diseases has been shown to be rather poor. One consideration to keep in mind, however, is that even with limited-term intensive treatment for cardiometabolic disease, there appears to be a “legacy effect” at play, referring to long-term sustained benefits after a period of intensive treatment, even after cessation of the intervention.³ This is a long-held and supported concept in a number of cardiometabolic diseases, such as hypertension, diabetes, and dyslipidemia, all of which are commonly associated with obesity.

¹ [Economic value of nonsurgical weight loss in adults with obesity: Journal of Managed Care & Specialty Pharmacy: Vol 27, No 1 \(imcp.org\)](https://www.imcp.org)

² W. Timothy Garvey, Mu Cheng, Abhilasha Ramasamy, B. Gabriel Smolarz, Suna Park, Neela Kumar, Nina Kim, Maral DerSarkissian, Rachel H. Bhak, Mei Sheng Duh, Melody Wu, Shawn Hansen, and Yinong Young-Xu, Clinical and Cost Benefits of Anti-Obesity Medication for US Veterans Participating in the MOVE! Weight Management Program Population Health Management Vol 26, No 1, 2023. DOI: 10.1089/pop.2022.0227

³ Nutrients 2020, 12, 3227; doi:10.3390/nu12113227



Thus, while there are currently no data to support a legacy effect with AOMs per se, it stands to reason that they may also be beneficial in this regard.

We welcome the opportunity to further the dialogue with WETF staff and provide additional information as requested.

Sincerely,

David Moody

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