From:	Adam Barr
To:	ETF SMB Board Feedback
Cc:	Moody, David
Subject:	Request to Update Cost Analysis Before Reconsideration of AOM Coverage
Date:	Tuesday, August 13, 2024 6:33:06 PM
Attachments:	15x15-13646331323240359067.png 15x15-4793605331930771887.png 15x15-5008805083296782146.png 4x132-9765176799905589309.png 171x51-3403318654000930722.png

Group Insurance Board Members,

Thank you again for the time you have taken to consider adding anti-obesity medication as a covered pharmacy benefit for members of the GHIP. Novo Nordisk believes coverage of AOMs will improve health outcomes and lower the risk of developing chronic conditions like heart disease, diabetes, and certain types of cancer.

In our February communication to the board, we updated you on some inputs that we shared with ETF staff for consideration in Segal's cost analysis. It was our belief then and now that those inputs would have shown cost neutrality and cost savings within 2-3 years, well within the statutory constraints of s. 40.03(6)(c). That statute merely states that GIB benefit changes must "maintain or reduce premium costs for the state or its employees in the current or any future year." As you know, Segal did not include those inputs and their February analysis did not show cost neutrality within the five year timeframe of their work product.

After taking some time to review the Segal analysis and the comments made at the February board meeting, we followed up with another communication to the board in April. **It was our belief then and now that some of the assumptions made in the Segal cost analysis were in need of revision, and that those changes would lead to a demonstration of cost neutrality and cost savings as required by statute.** In light of the analysis being presented by ETF staff at your August board meeting, we wanted to update portions of our last communication.

Rebate Loss

Board members asked at least four questions at the February meeting relating to rebates. ETF staff responded that manufacturer rebates are inflexible, which limits the board's ability to implement coverage options that would help to contain costs. Novo Nordisk and Eli Lilly have different rebate guidelines and we believe ETF's comments were only citing the 2023 guidelines for Wegovy. Around the time of the February meeting, Novo Nordisk began implementing new rebate guidelines, which Navitus should now be aware of. **Should the board elect to utilize a BMI threshold as high as 35, rebates would still be available. Similarly, a rebate would still be available if the board required participation in a weight management program alongside treatment with Wegovy.**

Uptake Assumptions

We have not seen claims data that supports a 25 percent uptake assumption for 2025 or even 2030. We requested in April that the board be shown the specific claims data that was used for this assumption, and we reiterate that request today. We have seen no other cost analysis that assumes 25 percent of those eligible will utilize AOMs. In fact, a February 2024 Milliman analysis for Medicare coverage projected single digit uptake over 10 years. **Using IQVIA Plantrak to analyze the claims data of the state employee health plans identified by ETF staff as providing AOM coverage, we estimated an uptake range of 3-9 percent, far below the 25 percent assumption included in the Segal cost analysis.**

Net Price Increases

We were surprised to see projected net price increases in the Segal analysis, especially given the magnitude of those increases. Those net price increases don't appear to be supported by the literature or the data. In fact, the Milliman study above projects annual 6 percent net price decreases due to additional competition and utilization, which is more in line with what we were expecting to see in the Segal analysis.

Recent Novo Nordisk earnings data supports our April assertion that net prices should decrease based on increased competition, not increase. According to the Wall Street Journal, Eli Lilly has also indicated that their net prices should be expected to decline. From the article:

Novo Nordisk shares tumbled more than 7% Wednesday after its blockbuster weight-loss drug Wegovy missed sales expectations as a result of the pharmaceutical giant's bigger discounts to U.S. buyers…

U.S. sales of the drug made up 9.91 billion kroner of the total, missing a Barclays forecast by 12%, driven by higher gross-to-net rebates in the U.S.—the discount offered between the list price and the actual net sales price…

The CFO said prices were lower for several reasons the company had expected, including rebates to payers to win access and the entrance of a competitor. Rival Eli Lilly in December rolled out an anti-obesity drug called Zepbound in the U.S.

These reasons "led to that volume growth partly being offset by price, but it's completely according to plan in order to get out to as many patients as possible," Knudsen said.

"There's nothing dramatic to the pricing development, but I think the analysts were a little bit surprised about it." he said. Barclays analysts said the company had noted a net price decline in the first quarter, while Lilly also indicated during the summer that net price declines should be expected.

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