

From: [Adam Barr](#)
To: [ETF SMB Board Feedback](#)
Cc: [Moody, David](#)
Subject: AOM Cost Analysis Needs Adjustments
Date: Monday, November 11, 2024 4:43:42 PM
Attachments: [15x15-13646331323240359067.png](#)
[15x15-4793605331930771887.png](#)
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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.

As you know, we've written to the board three times this year regarding Segal's cost analysis of AOM coverage.

In our [February communication to the board](#), we updated you on various inputs that we shared with ETF staff for consideration in Segal's then forthcoming cost analysis. 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 (illustrations below)**. In light of [the analysis presented by ETF staff](#) at your August board meeting, [we reiterated](#) our belief that Segal's assumptions about uptake, net prices, and rebate loss were in need of revision.

This brings us to the new Segal cost analysis being presented to you for your November meeting. Unfortunately, this new cost analysis still projects unrealistically high uptake assumptions without supporting evidence, as well as net price increases that are contrary to recent price trends and several reports.

Uptake

We have not seen claims data that supports a 25 or 20 percent uptake assumption for 2025 or

even 2030. We requested in April and August that the board be shown the specific claims data that was used for this assumption, and we reiterate that request today. When we met with ETF staff in September, we shared claims data that showed a 2-11 percent uptake among state employee health plans that cover AOMs. A [February 2024 Milliman analysis](#) for Medicare coverage projected single digit uptake over 10 years. Unfortunately, Segal's new cost analysis again projects shockingly high uptake without providing the evidence to support it.

Net Prices

We were surprised to again see projected net price increases in Segal's new cost analysis. Those net price increases don't appear to be supported by the literature or the data. In fact, the Milliman study above (page 11) 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. Some additional support for net price declines:

- As reported from a recently quarterly earnings report, [Novo Nordisk missed its sales expectations](#) due to bigger discounts being offered on Wegovy, as a result of increasing competition.
- As shared at the Senate HELP Committee hearing, the net price of Ozempic has [decreased 40 percent](#) since it was introduced in the US market.
- [A recent report from Morningstart and Pitchbook](#) projects net price declines due to increase competition, with the protentional of 16 new AOMs to launch by 2029.
- The [2023 Gross-to-Net Bubble Update](#) cited in the Milliman study shows net price declines for brand-name drugs, with Novo Nordisk declines steeper than the industry average. The [2024 update](#) shows similar declines.

As you can see below, modeling net price decreases demonstrates cost savings within five years, and flat prices would likely show savings within 6-7 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.”

Note: The first table in each section below comes directly from Segal's cost analysis with the cost per prescription added for clarity. The subsequent tables have been updated to reflect flat or declining net prices.

Full Rebate

Segal Estimate							
Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script	
2025	13,053	56,129	\$37,185,614	\$6,175,060	\$31,010,554	\$662.50	
2026	16,234	84,530	\$59,012,775	\$21,716,516	\$37,296,259	\$698.13	
2027	17,078	97,049	\$71,382,889	\$34,977,832	\$36,405,057	\$735.53	
2028	17,461	106,382	\$82,425,828	\$48,469,853	\$33,955,975	\$774.81	

2029	17,520	113,381	\$92,524,228	\$62,186,799	\$30,337,429	\$816.05
2030	17,355	118,429	\$101,772,140	\$75,948,834	\$25,823,306	\$859.35

Flat Net Price

Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script
2025	13,053	56,129	\$37,185,463	\$6,175,060	\$31,010,403	\$662.50
2026	16,234	84,530	\$56,001,125	\$21,716,516	\$34,284,609	\$662.50
2027	17,078	97,049	\$64,294,963	\$34,977,832	\$29,317,131	\$662.50
2028	17,461	106,382	\$70,478,075	\$48,469,853	\$22,008,222	\$662.50
2029	17,520	113,381	\$75,114,913	\$62,186,799	\$12,928,114	\$662.50
2030	17,355	118,429	\$78,459,213	\$75,948,834	\$2,510,379	\$662.50

6% Annual Net Price Decrease (Milliman)

Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script
2025	13,053	56,129	\$37,185,614	\$6,175,060	\$31,010,554	\$662.50
2026	16,234	84,530	\$52,641,272	\$21,716,516	\$30,924,756	\$622.75
2027	17,078	97,049	\$56,811,260	\$34,977,832	\$21,833,428	\$585.39
2028	17,461	106,382	\$58,538,200	\$48,469,853	\$10,068,347	\$550.26
2029	17,520	113,381	\$58,646,129	\$62,186,799	(\$3,540,670)	\$517.25
2030	17,355	118,429	\$57,581,766	\$75,948,834	(\$18,367,068)	\$486.21

Partial Rebate

Segal Estimate

Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script
2025	7,406	31,844	\$26,908,178	\$3,503,319	\$23,404,859	\$845.00
2026	9,315	48,406	\$43,069,498	\$12,373,407	\$30,696,091	\$889.76
2027	9,602	54,802	\$51,335,325	\$19,912,500	\$31,422,825	\$936.74
2028	9,412	58,174	\$57,363,445	\$27,175,462	\$30,187,983	\$986.07
2029	8,950	59,520	\$61,774,139	\$34,048,327	\$27,725,812	\$1,037.87
2030	8,390	59,612	\$65,112,307	\$40,423,105	\$24,689,202	\$1,092.27

Flat Net Price

Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script
2025	7,406	31,844	\$26,908,180	\$3,503,319	\$23,404,861	\$845.00
2026	9,315	48,406	\$40,903,070	\$12,373,407	\$28,529,663	\$845.00
2027	9,602	54,802	\$46,307,690	\$19,912,500	\$26,395,190	\$845.00
2028	9,412	58,174	\$49,157,030	\$27,175,462	\$21,981,568	\$845.00
2029	8,950	59,520	\$50,294,400	\$34,048,327	\$16,246,073	\$845.00
2030	8,390	59,612	\$50,372,140	\$40,423,105	\$9,949,035	\$845.00

6% Annual Net Price Decrease (Milliman)

Year	Utilizers	AOM Scripts	AOM Cost	Medical Savings	Net Loss	Cost/Script
2025	7,406	31,844	\$26,908,178	\$3,503,319	\$23,404,859	\$845.00
2026	9,315	48,406	\$38,448,883	\$12,373,407	\$26,075,476	\$794.30
2027	9,602	54,802	\$40,917,472	\$19,912,500	\$21,004,972	\$746.64
2028	9,412	58,174	\$40,829,040	\$27,175,462	\$13,653,578	\$701.84
2029	8,950	59,520	\$39,267,298	\$34,048,327	\$5,218,971	\$659.73
2030	8,390	59,612	\$36,968,313	\$40,423,105	(\$3,454,792)	\$620.15

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