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A blueprint for
**evaluating
coverage of
GLP-1s for
weight loss**

Overview of the current self-funded GLP-1 market



The market for GLP-1 drugs is experiencing explosive growth as these medications, originally intended for Type-2 diabetes treatment, gain popularity for weight management. GLP-1s show impressive short-term weight loss results, leading to improvements in obesity-related conditions. While beneficial, these advancements come with a substantial price tag. A recent analysis¹ of spending trends by Nomi Health reveals that **GLP-1s constituted nearly 10% of self-funded employers' total prescription drug costs in 2023.**

ABOUT THIS SURVEY

The “How Organizations Manage New Weight-Loss Drugs Via Healthcare Programs” survey ran from May to August 2024. HR.com’s HR Research Institute gathered responses from 308 HR professionals in virtually every industry vertical. Respondents were from all over the world, with the large majority from the North America, especially the United States.

The participants represent a broad cross-section of employers by number of employees, ranging from small businesses with fewer than 50 employees to enterprises with 20,000+ employees. All respondents were at least moderately familiar with the details of their organization’s health insurance plans and programs.

GLP-1s for **weight loss** VS. GLP-1s for **type-2 diabetes**

GLP-1s were initially developed for Type-2 diabetes to control blood glucose and reduce cardiovascular risks, with weight loss as a secondary benefit.² Later, higher-dose formulations like Wegovy were designed specifically for obesity treatment by suppressing appetite and promoting satiety.³ While both applications share mechanisms, their goals differ: diabetes management focuses on blood sugar regulation, while weight loss interventions aim for substantial body weight reduction.



How GLP-1s should be managed at the employer level

Importance of GLP-1 coverage.

A significant majority (93%) of HR professionals recognize the importance of including GLP-1 coverage in health insurance plans. This highlights a shift in understanding regarding the role of these medications in addressing chronic conditions, particularly obesity. The demand for these medications is growing, and offering them as part of employee benefits could give companies a competitive advantage in attracting and retaining top talent.

How important do you believe it is for health insurance plans to provide coverage for GLP-1 drugs?

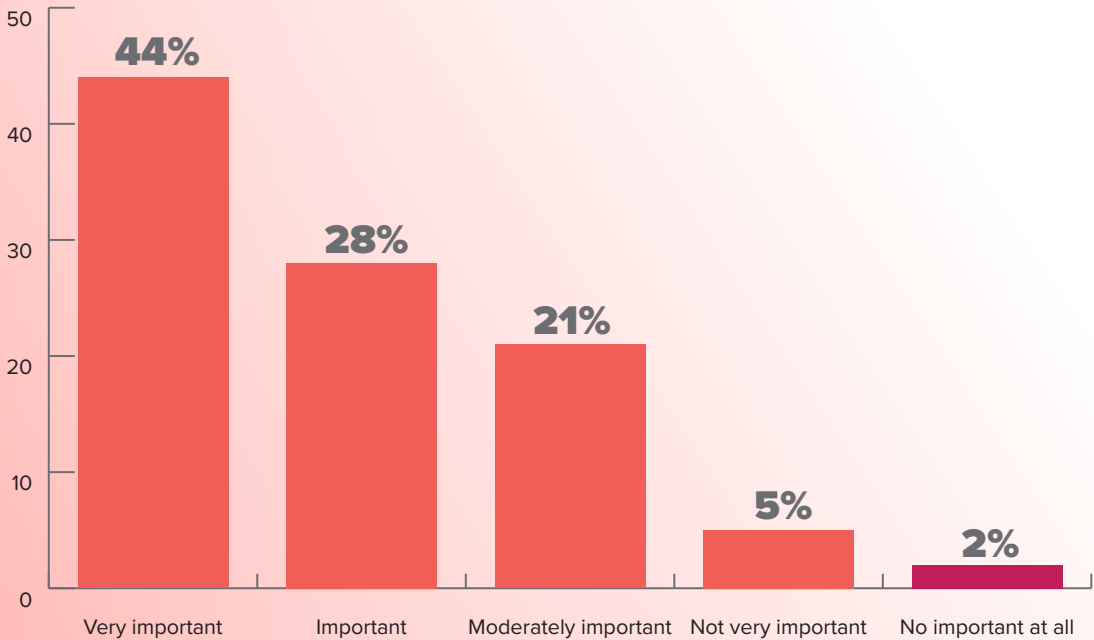


Chart 1. Importance of GLP-1 coverage

Challenges of GLP-1 coverage

Despite the recognized importance, less than half (45%) of organizations currently include GLP-1 drugs in their health benefit coverage. This is primarily due to cost concerns, particularly for smaller employers. The high cost of GLP-1 drugs can lead to:

- **Increased plan pharmacy benefit costs:** This results in higher overall costs and copays for all employees, even those not utilizing GLP-1s.
- **Difficult trade-offs for small businesses:** They might have to sacrifice other benefits or wage increases to cover the expense of these drugs.
- **Financial constraints:** This may force some small businesses to forgo coverage altogether, regardless of their desire to offer it.



What are the primary reasons your organization does not cover GLP-1 drugs? (select all that apply)

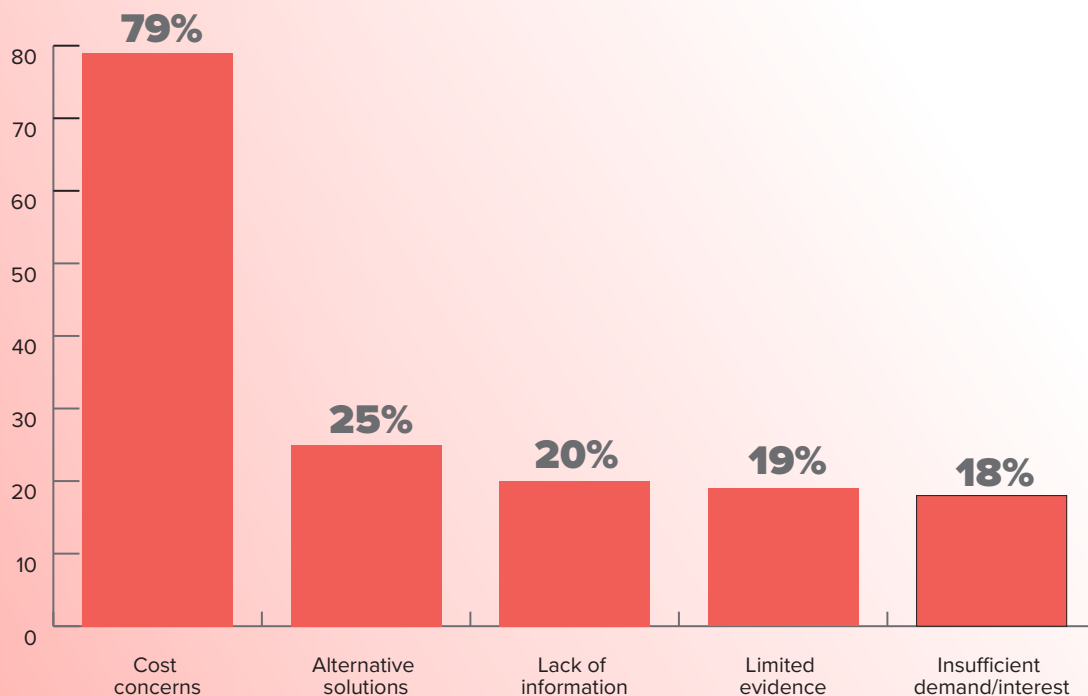


Chart 2. Reasons for not covering GLP-1 drugs

In addition to cost, other barriers to GLP-1 adoption include:

- **Lack of information about the benefits:** Some organizations lack sufficient information about the potential benefits of GLP-1 drugs, hindering their decision-making process.
- **Limited long-term efficacy data:** Uncertainty surrounding the long-term-efficacy of GLP-1s for weight loss raises questions about the sustainability-of weight loss and improvements to related health issues.
- **Concerns about off-label usage:**⁴ Increased public awareness has led to off-label prescribing for cosmetic weight loss, straining supply and raising safety and cost concerns.
- **Supply challenges:**⁵ Persistent product shortages and availability issues create barriers to reliable access for patients.

Strategies for Managing GLP-1 Coverage

Learnings from High Performers

GLP-1 drug coverage cohort classification

To take a closer look at what differentiates organizations that manage GLP-1 coverage well compared to others, we separated our sample into two cohorts:

- **GLP-1 top-tier employers organizations (GLP-1 top-tier employers):** Those respondents who rate how their organization manages GLP-1 coverage as “well” or “very well.”
- **GLP-1 low-performer organizations (GLP-1 low performers):** Those respondents who rate how their organization manages GLP-1 coverage as “neutral,” “poorly,” or “very poorly.”

Challenges of GLP-1 coverage

To address these challenges, self-funded employers can implement strategies that are proven to work for GLP-1 top-tier employers.

Compared to low performers, GLP-1 top-tier employers are:

- **2.5X** more likely to say GLP-1 drugs have led to a reduction in Type-2 diabetes.
- **2X** more likely to say that coverage has improved employee wellbeing.
- **3X** more likely to say GLP-1 drugs have led to a reduction in healthcare utilization costs.



STRATEGIC RECOMMENDATIONS BASED ON THESE FINDINGS

Overcoming funding challenges with data

Top-tier employers are more likely to analyze cost savings and gather employee feedback to assess effectiveness. This may correlate to building a better case for the inclusion of GLP-1 drugs in health benefit plans.

We recommend organizations consider the following practices:

- In cases in which organizations have decision-making power about these issues, start with analyzing cost savings because cost is the greatest barrier to getting GLP-1 drugs approved.
- Gather feedback from healthcare providers to ensure employees are deriving the most benefit out of GLP-1 drugs, avoiding drug misuse and mitigating the risk of any issues.
- Consider consultations with insurance or healthcare providers who can provide insights into trends, best practices, and opportunities for better cost management, leading to more efficient coverage policies. Experts may be aware of side effects employees may be experiencing, and this data can be used to customize health benefit programs that better address employee needs.

Offering alternatives to employees without diabetes

To manage the healthcare of overweight individuals without diabetes, top-tier employers are more likely to offer alternative treatments and collaborate with healthcare providers.

We recommend organizations consider the following practices:

- Provide education/support programs to individuals who are seeking help to lose weight. With the right lifestyle changes, such as increased exercise and improved nutrition, some of these individuals can become healthier and possibly avoid Type-2 diabetes.
- Consider offering treatments such as behavioral therapy, nutrition counseling, or workplace wellness classes.
- Collaborate with healthcare providers to offer consultation sessions about how to take steps to improve physical activity and diet.

Monitor employee-related benefits

top-tier employers measure the full spectrum of outcomes to manage program effectiveness and make the case for expanding or adapting GLP-1 coverage.

We recommend that organizations work with healthcare providers or other experts to:

- Determine whether or not a GLP-1 coverage trial makes sense. Such trials might help organizations decide whether it would be valuable to expand GLP-1 coverage by assessing the impact on weight loss in covered employees.
- Gather employee feedback to see how GLP-1 drug coverage has improved their well-being overall.
- Assess whether GLP-1 drugs could lower the risk of other health issues, such as heart disease and hypertension.
- Evaluate healthcare utilization data to measure the long-term cost savings from fewer medical interventions and hospitalizations related to diabetes management and other conditions.

Additional best practices

In addition to the lessons learned from GLP-1 top-tier employers, we recommend that organizations incorporate the following best practices in their programs:

- **Implement utilization management:** Using prior authorization and quantifying limits ensures GLP-1s are prescribed only for FDA-approved uses and appropriate quantities.
- **Focus on education and support:** Educate employees about the appropriate use, benefits, and potential risks of GLP-1 medications.
- **Promote holistic wellness programs:** Develop comprehensive weight management programs that emphasize lifestyle changes, such as improved nutrition and increased exercise.
- **Implement step therapy:** Consider requiring patients to try more cost-effective treatments, such as lifestyle changes or certain oral diabetes medications, before progressing to GLP-1s.
- **Establish coverage criteria:** Set specific criteria for GLP-1 coverage, such as minimum BMI, waist circumference, and documentation of at least one comorbidity.
- **Consider employee feedback:** Gather employee input to understand their needs and concerns regarding GLP-1 coverage.
- **Explore government initiatives:** Investigate potential government initiatives, aid programs, or tax incentives that can assist with the cost of providing GLP-1 coverage.

Top-tier employers are more likely to have a strong GLP-1 program. By adopting industry best practices, companies can boost the impact of their GLP-1 initiatives. These programs, when well-executed, can lead to improved productivity, innovation, and overall performance across the organization.



Adapting weight management programs

Current weight management programs offered at the employer level need to adapt to the evolving landscape of GLP-1 medications. Employers can:

- **Integrate GLP-1s into existing programs:** Enhance existing programs to include education about GLP-1s and their role in weight management.
- **Collaborate with healthcare providers:** Work closely with healthcare providers to ensure the appropriate prescription and monitoring of GLP-1 medications.
- **Emphasize long-term sustainability:** Incorporate strategies that focus on long-term weight loss maintenance, including behavioral therapy and ongoing support.
- **Promote personalized approaches:** Offer individualized weight management plans that cater to the specific needs and preferences of each employee.
- **Measure program effectiveness:** Continuously monitor and evaluate the effectiveness of weight management programs, making adjustments as needed.

Addressing privacy and safety

The adoption of GLP-1s necessitates addressing privacy and safety concerns.

Employers should:

- **Ensure confidentiality of medical records:** Establish strict protocols for handling employee medical information, including data related to GLP-1 prescriptions and usage.
- **Make guidance on safe usage available:** Direct employees to learn from informed experts on the safe use of GLP-1 medications, potential side effects, and interactions with other drugs.
- **Address potential misuse:** Implement measures to prevent the misuse or abuse of GLP-1 medications, such as limiting quantities per prescription and monitoring for off-label usage.
- **Seek legal guidance:** Consult with legal professionals to ensure compliance with state and federal regulations regarding GLP-1 prescriptions and coverage.

Self-funded employers' path forward

As they weigh the value of including GLP-1s in their benefits packages, self-funded employers should consider the following actions:

- **Conduct a detailed cost-benefit analysis:** Evaluate the potential cost savings, health outcomes, employee-related benefits, and impact on retention associated with GLP-1 coverage.
- **Develop a clear GLP-1 coverage policy:** Outline the eligibility criteria, coverage limitations, and cost-sharing arrangements for GLP-1 medications.
- **Communicate transparently with employees:** Clearly explain the organization's GLP-1 coverage policy, emphasizing the importance of appropriate usage and safety.
- **Explore partnerships with experts:** Collaborate with healthcare professionals and benefits consultants to optimize GLP-1 coverage and manage associated costs.
- **Monitor trends and adapt accordingly:** Stay informed about evolving trends in the GLP-1 market, including new drug approvals, pricing changes, and regulatory updates.

Addressing privacy and safety

The rise of GLP-1 medications for weight management presents significant opportunities and challenges for self-funded employers. To make well-informed decisions, organizations should evaluate more than just the cost implications.

It is essential to consider a broader range of critical factors, including the impact on employee health, morale, engagement, and productivity, as well as the potential influence on talent attraction and retention.

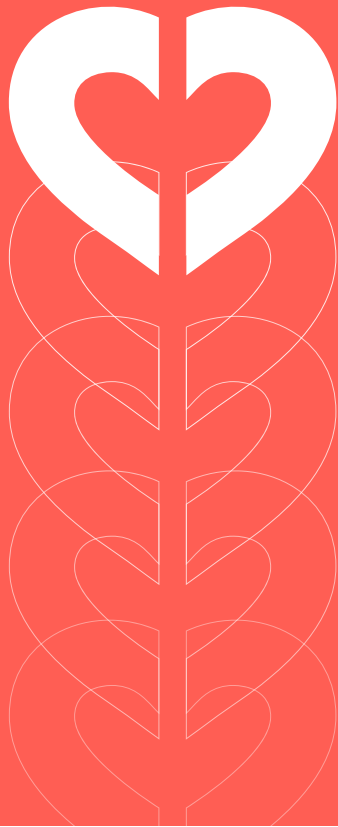
Additionally, two evolving considerations warrant attention: shifting regulatory and compliance landscapes, and changing societal expectations. Organizations are only beginning to address GLP-1 drug policies and must remain proactive in tracking trends as this area develops.

Ultimately, the decision hinges on comparing GLP-1 drugs with alternative solutions and assessing the overall return on investment from a holistic perspective. By thoughtfully analyzing the factors outlined in this report, employers can craft a comprehensive strategy that prioritizes employee health and well-being while ensuring the financial sustainability of their benefit programs.

About Grokker Innovation Labs

Grokker's innovation and research arm works with world class researchers and thought leaders to uncover nuanced insights to advance employee health, wellness, attraction, retention and contentment. Learn more about the issues we're curious about at <https://www.grokker.com/blog/topic/grokker-innovation-labs>.

About Grokker



Grokker transforms employee physical, mental, and financial well-being globally through visually immersive content. Its inclusive community of experts and personalized guidance is proven to strengthen retention by 68%, triple engagement, and lessen the burden on HR teams.

With Grokker, each member's well-being experience is personalized to help guide them to the lowest acuity, highest impact intervention. Grokker's solution seamlessly integrates with HR teams and provides them with ongoing actionable insights.

Global organizations like Delta Air Lines, Pfizer, Target, and Domino's trust Grokker to support the diverse well-being needs of their teams in more than 179 countries. Grokker is dedicated to making holistic health and well-being equitable, engaging, and accessible for all.

[Learn more at grokker.com](https://www.grokker.com)

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