

Pharmacy Budget Impact of Expanding Medicare Coverage for GLP-1 Receptor Agonists in the Treatment of Obesity Under Alternative Pricing Scenarios

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BACKGROUND

Glucagon-like peptide-1 receptor agonists (GLP-1RAs) have demonstrated robust and sustained clinical efficacy in weight loss and are recommended for pharmacologic treatment of obesity.¹

Despite proven efficacy and the potential to prevent additional comorbidities, Medicare coverage of GLP-1RAs for obesity remains limited.²

Recent policies such as the Inflation Reduction Act (IRA), introduce drug pricing mechanisms such as Medicare price negotiation and Most Favored Nation (MFN) pricing that may affect Medicare spending.^{3,4}

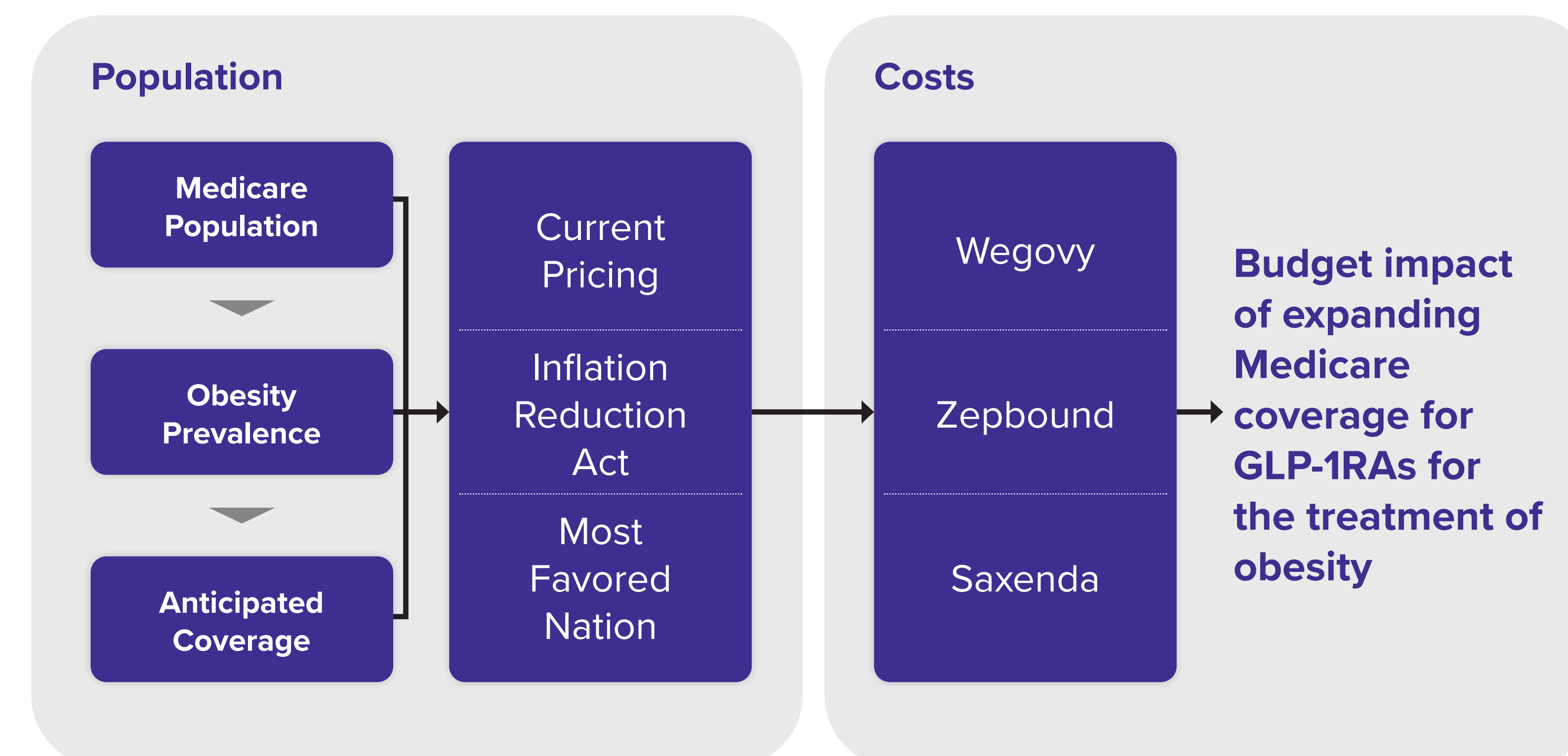
OBJECTIVE

This study estimated the 1-year pharmacy budget impact of expanding Medicare coverage for GLP-1RAs for weight loss under alternative pricing scenarios.

METHODS

A pharmacy budget impact analysis was conducted from the Medicare perspective over a 1-year time horizon. The target population included Medicare beneficiaries (69.0 million), of whom 7% were estimated to have obesity (BMI ≥30 kg/m²) without comorbid conditions already eligible for GLP-1RA treatment, as derived from Centers for Medicare & Medicaid Services (CMS) data.^{2,4} Annual drug costs were estimated using CMS Part D spending data adjusted to 2025 USD.

Figure 1: Budget impact model structure



*Calculated based on maintenance drug cost only, no medical costs were included.

Table 1: Target population identification inputs

Adam George, PharmD	Value	Source
Medicare population	69,000,000	CMS ⁵
Obesity prevalence without comorbidities covered by Medicare	7%	ASPE Office of Health Policy ²
Anticipated covered	10%	Assumption

Table 2: Drug costs

Drug	Drug Cost ⁶ (Current pricing)	Drug Cost ³ (IRA)	Drug Cost ⁴ (MFN)	Expected Uptake in Year 1 ⁷
Wegovy (semaglutide)	\$362	\$274	\$245	56%
Zepbound (tirzepatide)	\$573	\$573	\$245	39%
Saxenda (liraglutide)	\$95	\$95	\$95	5%

Model outputs

- Total pharmacy budget impact and per patient cost outcomes were reported over the first year of implementation
- Budget impact outcomes were presented as absolute per-member-per-month (PMPM) and per-patient-per-month (PPPM) over the first year
- Scenario analyses cover the following:
 - (1) Current pricing
 - (2) Implementation of IRA pricing
 - (3) Implementation of MFN pricing
- A one-way sensitivity analysis was conducted for all three scenarios

RESULTS

Compared to the default scenario, implementation of IRA negotiated pricing decreased the pharmacy budget impact by

11.4%

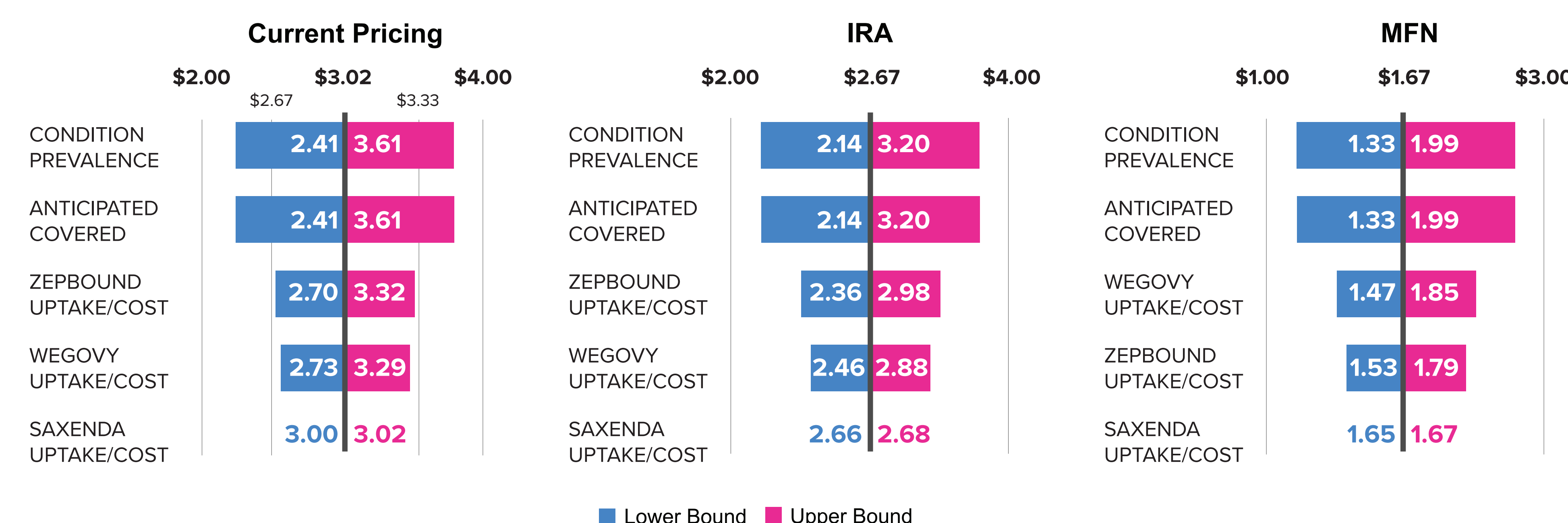
Implementing MFN prices lead to an even greater reduction of the pharmacy budget

44.8%

Drug	Current Pricing	IRA Pricing	MFN Pricing
Total budget (\$)	\$2,498,114,254	\$2,214,077,769	\$1,378,752,480
Average PMPM (\$)	\$3.02	\$2.67	\$1.67
Average PPPM (\$)	\$431.01	\$382.00	\$237.88

SENSITIVITY ANALYSES

Across all scenarios, prevalence of obesity and coverage of GLP-1RAs had the most significant impact on PMPM.



LIMITATION

- Medical costs and potential cost offsets were not incorporated into the analysis.
- Estimates of obesity prevalence without Medicare-covered comorbidities were derived from previously published modeling studies.
- First-year coverage uptake assumptions were informed by prior modeling analyses.
- Model inputs were sourced from multiple datasets and required assumptions; associated uncertainty was explored through sensitivity analyses.

CONCLUSION & NEXT STEPS

- Expanding Medicare coverage of GLP-1RAs for obesity would increase short-term pharmacy spend.
- However, alternative pricing mechanisms, IRA and MFN, could mitigate these costs while potentially increasing patient access.
- While downstream cost offsets from effective obesity treatment still need to be investigated, this analysis provides important insight into the magnitude of drug-related costs to Medicare under expanded coverage scenarios.

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ABBREVIATIONS

ASPE, Assistant Secretary for Planning and Education; BMI, Body Mass Index; CMS, Centers for Medicare & Medicaid Services; GLP-1RA, Glucagon-Like Peptide-1 Receptor Agonists; IRA, Inflation Reduction Act; MFN, Most Favored Nation; PMPM, Per Member Per Month; PPPM, Per Patient Per Month; USD, United States Dollar

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