Capital

The Evolving Obesity Benefit Landscape

Self-Funded Health Plan Guidance

Jeremy Wigginton, MD, MBA, FAAFP

Chief Medical Officer

Obesity: Current Environment in PA

~33% of Adults & ~18% of Children with Obesity (BMI >30)

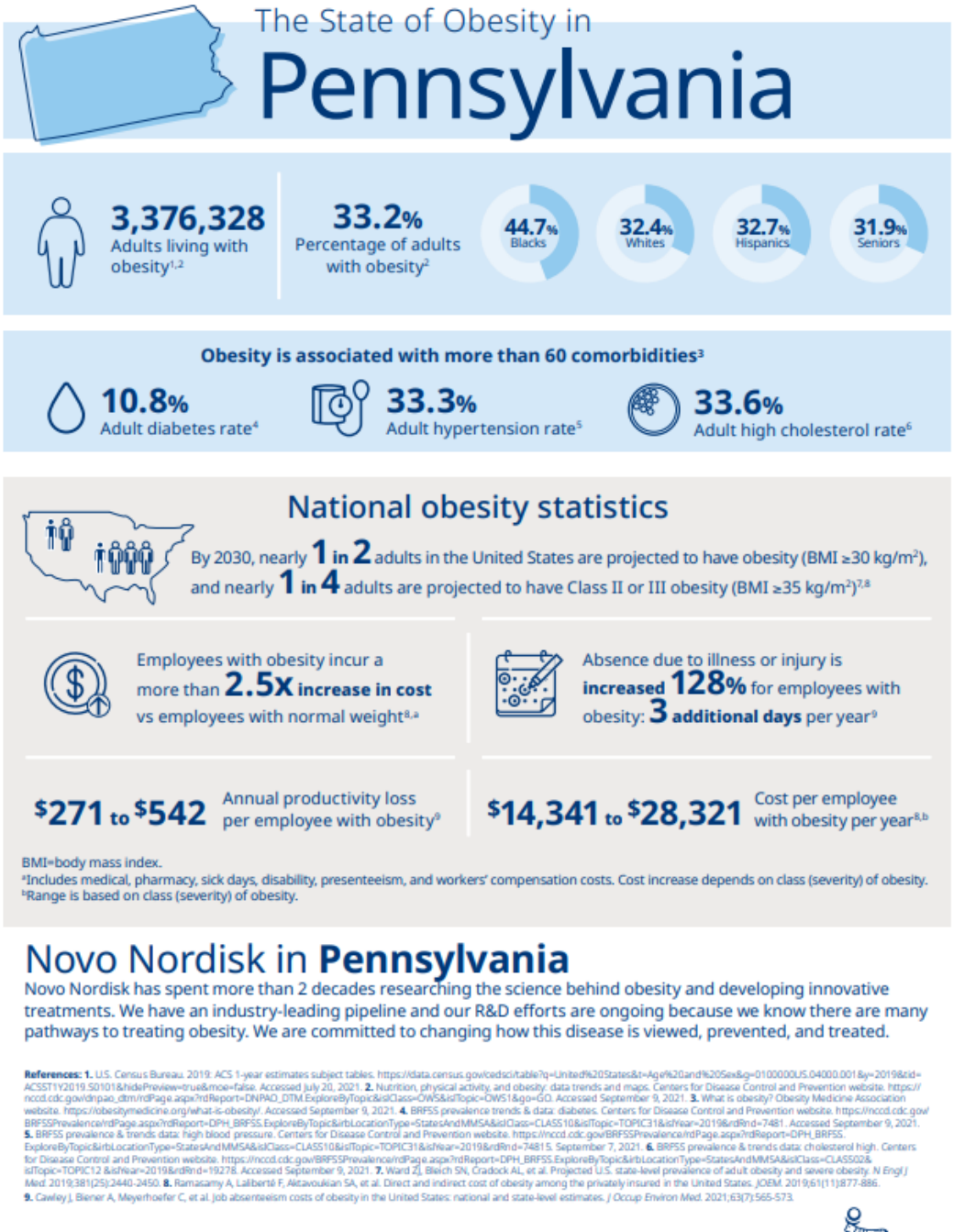
If you add Overweight (BMI >26), this reaches ***65+% & 40+%***

~10% lower than national average, but still a very large segment of the population

<u>Obesity</u> Treatment Options:

1. Lifestyle & Behavioral Change
   - Diet, exercise, re-education
2. Bariatric Surgery
   - Sleeve Gastrectomy & Gastric Bypass
3. Pharmaceuticals
   - Wegovy, Saxenda, Phentermine, Bupropion-naltrexone (Contrave®), Orlistat ®, Qsymia®, etc

Capital



[Pennsylvania Obesity Fact Sheet (novonordiskworks.com)]

GLP-1 'boom' is a combination of need, clinical benefits, and marketing (including social media).

New drugs to market drive consumerism.

Capital

Market Overview of Obesity Therapies

- Lifestyle and Behavioral Change:
  - CORE of the obesity problem in America
    - Applies to all BMI ranges, and recommended for All
  - Both surgery and Rx drive *forced behavior* change
    - Restricted gastric intake, slowed digestion, decreased hunger
- Bariatric Surgery
  - Gen. Candidacy: BMI 30+ with comorbidity, or BMI 35+
    - Who is a Candidate for Bariatric Surgery? | Patients | ASMBS
- Pharmaceuticals (Anti-Obesity Medications or AOM's)
  - Wegovy & Saxenda: GLP-1's (research from 90's)
  - Children 12-17 with weight 60 kg+ (132 lbs)
  - Adults with BMI of 27+ with related condition

Capital

Clinical Literature & Evidence Summary

1. High-Intensity lifestyle modifications can lead to 5-10% loss of body weight & reduce DM2 rate by >50%. Low long-term compliance rates *alone.*
2. Weight loss medications are an effective tool. When combined with lifestyle modification, they are more effective. Effects stop when they stop.
3. Surgical interventions have high success rates in the short and long term (5 years and greater), but they have higher side effect profiles. MUST be paired with lifestyle modification for success. Typically begin at BMI 35.
4. **New in 2023:** SELECT trial, released by Novo Nordisk, shows Wegovy reduced CV events by 20% in obese patients with known CV disease. (Only extended study to date, sponsored by pharma, not yet standard)
5. World Health Organization: “New weight loss drugs will not be a “silver bullet” in tackling obesity […] weight loss drugs must be used alongside a healthy diet and exercise.”

Capital

National Coverage Statistics

1- Lifestyle/Behavioral Modification: Almost all commercial health plans cover some form of *prevention* through the wellness benefit. High variability in Treatment such as dietician visits and coaching.

2- Bariatric Surgery: Typically, only ***standard*** commercial coverage where there is designation of the service as Essential Health Benefit (EHB) in that state. Otherwise, it is common to offer this as an Option on FI and ASO.

Here is the updated list of states required to include bariatric surgery in all Individual, Family and Small Group Plans:

- Arizona
- California
- Colorado
- Delaware
- Hawaii
- Illinois
- Iowa
- Maine
- Maryland
- Massachusetts
- Michigan
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- New York
- North Carolina
- North Dakota
- Rhode Island
- South Dakota
- Vermont
- West Virginia
- Wyoming

3- Pharmaceutical AOM's: Very limited standard coverage, typically only administered by Self-Funded plans in the current market.

Capital

Coverage *at Capital Blue Cross*

1- Lifestyle/Behavioral Modification: All Capital Fully Insured commercial health plans cover Nutrition Therapy (counseling and education) for treatment of obesity and morbid obesity as a standard benefit. Annual Wellness Visits covered at 0$ cost share.

Nutrition Therapy (Counseling and Education)

Benefits for nutrition therapy include counseling and education for the treatment of diagnoses in which dietary modification is *medically necessary*. *Services* can include but are not limited to the treatment of diabetes, heart disease, obesity, and morbid obesity.

C23-CAAC-SG-PPO-Med-Rx-BB 62 [insert form number]

Benefits Descriptions

Benefits for self-management education and education relating to diet are covered when prescribed and include the following:

- Visits upon obtaining a diagnosis of a medical condition in which nutrition therapy is *medically necessary*.
- Visits when a licensed *physician* identifies or diagnoses a significant change in your symptoms or conditions that necessitates changes in your self-management, or when a new medication or therapeutic process relating to your treatment and/or management of the medical condition has been identified as *medically necessary* by a licensed *physician*.

Capital

Coverage *at Capital Blue Cross*

2- Bariatric Surgery: Not standard on any plans. Currently offered as an Added benefit option. Large (>100) fully insured and ASO groups may customize their benefits plan and many of them include coverage for bariatric surgery. Capital Blue Cross provides coverage via a Medical Policy:

- Bariatric Surgery (capbluecross.com)
- Age, BMI, Comorbidities, Revisions, Pre-Op requirements, & support services
- BDC Requirement determined in the benefit language

3- Pharmaceuticals: No Standard coverage to date for AOM's. Only administered by Self-Funded plans in the current market. There IS standard coverage on all plans for the GLP-1's indicated for DM2 and those criteria are determined by the PBM/Medical Policy primarily requiring a *diagnosis* of DM2.

Capital

Why is there no standard comprehensive obesity or AOM benefit?

- No current consensus in the health plan market
- There is no “One Size Fits All” recommendation, other than prevention & lifestyle modification
- Not all states have EHB’s including bariatric surgery
- Can be extreme variability in uptake, effectiveness, and outcomes
  - Industry, Region, Medical Community, Access
- Driven by product design due to cost

Capital

AOM's: Self-Funded Health Plan Impacts

- High Short-Term Costs
  - New Benefits drive usage of services, high demand
  - "ROI" variable based on services & turnover rate
  - Cost-Share can impact
- Lower Long-Term Costs
  - Greater impact to severe comorbidity; may already be covered (DM2)
  - Turnover rate will impact this rate of return significantly
- Robust Benefit
  - Attraction & retention
  - Productivity & competition
  - More common in high earning industry such as Legal services
- Adverse Selection
  - May draw spousal coverage
  - Could prompt increase in net new short-term employees seeking benefit or those with severe disease

Capital

AOM Cost Forecasting

- Ave Cost/Rx for Wegovy 2.4mg is over $1,600/Rx
- Ave Cost/Rx for Ozempic 2mg is ~$1,200/Rx
- ASO impact of GLP-1 spend as % of total drug spend is
  - 4% mean, 5.4% median
  - High case example: 66% total drug spend
- No current cut-off date per evidence. Rx therapy is in perpetuity, even after weight loss.

- Sample Estimate for Rx Alone:
  - 5,000 adult members
  - 60% Overweight
    - 3000 eligible
  - 10-30% Uptake*
    - 300 (low end)
  - Avg Cost $1200 PMPM*
  - $50 Co-Pay
    - $1150 to plan
  - $345K / month
  - $4.1M / year

**Multiple Actuarial Models: Factors vary & may change with PBM*

Capital

AOM Cost Forecasting

- If used for Overweight Alone (without other clinical risk), ROI may never be reached at current market price point
- Effective pricing for this population to show cost-benefit is *likely* near ~$200/mo[ł] (currently ~ $1200) based on prevalence of preventable comorbidity

[ł] Based on a sample local health plan population study of the incidence of diabetes within 1 year in an overweight adult population

Obesity A Research Journal

THE OBESITY SOCIETY

ORIGINAL ARTICLE | Open Access

Estimated minimum prices and lowest available national prices for antiobesity medications: Improving affordability and access to treatment

Jacob Levi, Junzheng Wang, Francois Venter, Andrew Hill

First published: 23 February 2023 | https://doi.org/10.1002/oby.23725 | Citations: 2

Results

National prices of antiobesity medications were significantly higher than calculated EMPs. Semaglutide 30-day course prices ranged from $804 (United States) to $95 (Turkey) while the EMP was $40. Liraglutide prices ranged from $1418 (United States) to $252 (Norway) while the EMP was $50. Some oral treatments could be generically manufactured at very low costs per course ($7 for orlistat; $5 for phentermine/topiramate combination tablets), while naltrexone/bupropion was more expensive ($54).

Conclusions

This study shows that certain weight loss treatments can be manufactured and sold profitably at low costs, but prices currently range widely between countries, limiting access for those in need.

Capital

Wegovy Cost-Benefit Review

- Airfinity Case Study:
  - Based on SELECT Trial
  - Would need to treat 60 people for 3 years to prevent 1 negative Cardiovascular Outcome
  - 65% Discount Provided for Wegovy
  - Total cost with discount:
    - $1.1M
- https://www.airfinity.com/articles/wegovy-costs-usd1-1m-to-prevent-one-heart-attack-stroke-or-cardiovascular
- Novo Nordisk's Wegovy Prevents Heart Attacks at a Cost - Bloomberg

Novo's Wegovy Prevents Heart Attacks at a Cost

It may cost insurers more than $1 million to prevent one heart attack

Photo: Steffen Trumpf/dpa (Photo by Steffen Trumpf/picture alliance via Getty Images)

Capital

Major Benefit Considerations

Narrow Vs. Comprehensive	• *Only* the drug, surgery, or conservative therapy • Combination of options: None *As* effective alone, but short-term costs could be higher
Member Cost Sharing	• Typically, a higher cost share for surgery and medications to enable member commitment, especially as Rx cost still high • Need to weigh total Plan costs to determine optimal amount • Premiums may need to increase as total costs increase
Connection to a Bariatric/Metabolic Specialist	• More important for Surgery and Pharmaceuticals to ensure compliance and best outcomes (i.e. Centers of Excellence) • Surgery costs skyrocket with complications, some life-long & medications only work if you take them

Capital

Sample of Common Obesity Benefits

- **Obesity Prevention & Conservative Treatment**
  - Benefits are available for obesity prevention and weight loss counseling. May include dietician visits for obesity. May have vendor/digital elements. *Often linked to the wellness benefits & program.*
  - *Wellness Programs are Critical* component of benefits for prevention of Many conditions
- **Bariatric Surgery**
  - Gastric restrictive bariatric surgical benefits are available for those with BMI >/= 35 with an obesity related comorbidity OR BMI >/+40. Surgery must be performed at a bariatric center of excellence. Surgical interventions limited to those approved by the ASBMS. (note the BMI range difference)
  - Comorbid conditions *may* be defined: DM2, OSA, OA, etc
  - Cost Share of $2K-10K ; limit 1 per lifetime for weight loss; Complications covered vs. not
  - Only medically necessary revisions for complications are covered <or> all revisions
- **Pharmaceutical**
  - Prescription coverage is available for the treatment of obesity. <or>
  - Prescription coverage is available for the treatment of obesity in conjunction with a comprehensive weight loss program as defined by the Plan (either integrated or administered by vendor). *More difficult if pharmacy is carved out.*
  - Pharmaceutical options defined, driven by FDA approval, or specific PA process

Capital

Self-Funded Plan Recommendations

1. Complete a population review: Know your demographics
   - Determine baseline prevalence of obesity, overweight, and obesity related comorbidities
   - Determine the *demand* for the services in your population
2. Review your current benefit structure, limits, and impact
   - Do you have any form of a weight loss benefit today? Has it been effective?
   - What is your wellness & prevention benefit, messaging, incentives, and uptake?
   - ID turnover rate, spousal coverage limits, and regional industry benefits (are you an outlier)
3. Create a draft & determine your business's acceptable short and long-term cost absorption
   - Include a review of stop loss coverage if surgery is considered
   - Forecast your costs based on your draft benefit structure – may require PBM discussion
4. Use data from above to create a framework of services with costs acceptable to be incurred/paid
   - Enlist the help of your plan administrator, PBM, TPA, broker, pharma, etc.
   - Take advantage of market cost estimation models, but critically evaluate components.
   - Include the service(s), cost share, limits in the benefit criteria. You may need clinical criteria in the benefit plan itself IF your administrator does not have a matching policy.
   - Pharmaceutical component may be more difficult if the PBM is carved-out

Important:
There is not *yet* a Standard of Care nor a Standard effective benefit that applies to All populations.
Evidence is still developing.

Capital

Additional Resources

- Milliman: Payer strategies for GLP1 and weight loss
- JMCP: Reframing coverage of antiobesity medications for plan sponsors
- Treat your Obesity | Patient Learning Center | ASMBS

Capital

Capital

Thank you

Questions/Discussion