

GLP-1 Drugs—Part I: Where Are We Now?

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Discussion Agenda

- Market updates
- Total cost of care for GLP-1s
- Milliman GLP-1 outcomes dashboard
- Plan success story
- Q&A

Market Updates on GLP-1s

Cost vs. Coverage

Price Pressures

- CMS announces semaglutide maximum fair price for 2027
 - Exclusive formulary positioning
 - Deeper rebates (tiered by coverage)
 - Retail pharmacy reimbursement carveouts

Trend Drivers

5% increase

- In overall drug spend, with just a 1% increase in GLP-1 utilization¹
 - Wegovy MASH indication
 - Orals expected Q4 2025

Reconsidering Coverage

14%

- Employers considering ending GLP-1 AOM coverage²
 - Medicaid coverage contracting
 - CMS pilot program?

Direct-to-consumer grows

\$499

- Cash price for Wegovy and Zepbound
 - Carve-out benefits and custom criteria
 - Health reimbursement arrangement (HRA) and alternative sourcing

Compounding?

>50

- FDA warning letters sent to compounders/telemarketers September 9th³
 - FDA enforcement begins May 2025
 - “Personalized” compounding

Clinical evidence and ROI

20% to 26%

- Lower total medical costs for adherent vs. non-adherent⁴
 - 13 of 14 cancers reduced⁵
 - ICER update - meets QALY⁶

¹ <https://www.primetherapeutics.com/w/dive-into-the-evolution-of-glp-1-use>

² WTW Survey: [GLP-1 Drugs in 2025: Cost, access and future of obesity treatment](https://www.wtw.com/insight/obesity-treatment) – WTW

³ Stat News: [FDA warns telehealth providers over obesity drug marketing](https://www.statnews.com/2025/09/09/fda-warns-telehealth-providers-over-obesity-drug-marketing/) | STAT

⁴ Milliman white paper: <https://www.milliman.com/en/insight/measuring-glp-1-impact-total-cost-of-care>

⁵ GLP-1 Receptor Agonists and Cancer Risk in Adults With Obesity; JAMA Oncol:

<https://pubmed.ncbi.nlm.nih.gov/40839273/>

⁶ ICER: https://icer.org/wp-content/uploads/2025/09/ICER_Obesity_Draft-Report_For-Publication_090925.pdf

GLP-1 Coverage Dilemma

Key Challenges and Barriers to GLP-1 Drugs Access and Coverage

Although **73%** of surveyed jumbo employers plan to cover GLP-1s for obesity treatment in 2026, **66%** are very concerned about the appropriate use and long-term cost implications of GLP-1 and other newer weight management medications, and **45%** are considering limiting or reducing GLP-1 coverage to control healthcare spending.¹

Unpredictability

- Member uptake/utilization is unclear if coverage is offered
- Concerns about waste due to adherence challenges from financial pressures and side effects



Fragmented Care

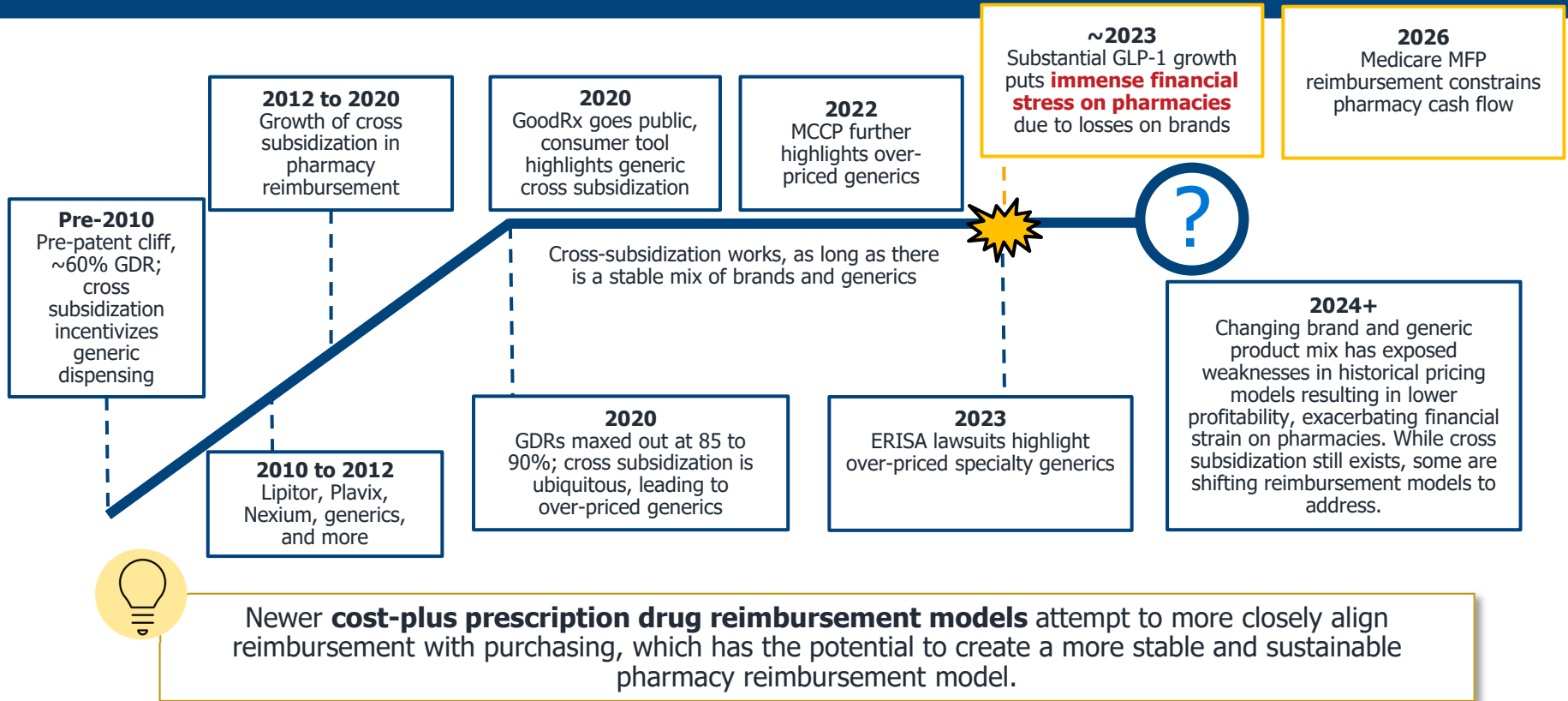
- Apart from medications, wrap-around total care is crucial for long-term success.
 - Medical and pharmacy benefits disconnects
 - Many GLP-1 prescribing physicians for weight loss have no training in obesity management
 - Lack of a coordinated oversight program
 - Current care models have minimal lifestyle support offerings

ROI Visibility

- Complexity of tracking outcomes and impact on total cost of care
 - Limited outcomes tracking beyond 24 months
 - No standardized ROI measurement frameworks
 - Challenges with comparing outcomes due to limitations in baseline data

Retail Pharmacy Reimbursement Pressures

Cross Subsidization: Overpay on Generics, Underpay on Brands



GDR: Generic dispensing rate
GER: Generic effective rate
BER: Brand effective rate
MCCP: Mark Cuban Cost Plus

<https://www.soa.org/4937be/globalassets/assets/library/newsletters/health-watch-newsletter/2010/may/hsn-2010-iss64-filipek.pdf>
<https://www.npr.org/sections/health-shots/2011/10/24/141596137/big-name-drugs-are-falling-off-the-patent-cliff>

Manufacturer Tiered Pricing Strategy: Increased Contract Flexibility to Manage Obesity



**BMI optionality/
alternative
BMI requirements**

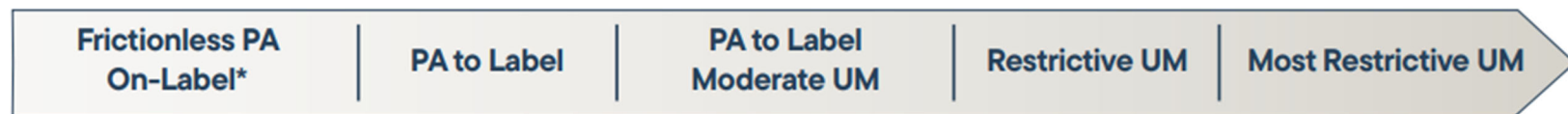


**Lifestyle management
programs in conjunction
with therapy**



**Provider networks
via programs**

Plan Design Coverage Options



BMI ≥ 30 kg/m² and BMI ≥ 27 kg/m² with at least 1 comorbidity

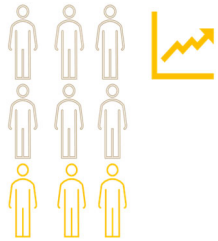
BMI ≥ 27 -31.9 kg/m² with at least 2
obesity-related comorbidities, or
BMI ≥ 32 kg/m²

BMI ≥ 35
kg/m²

Options on the left are less restrictive with a lower net cost, while those on the right narrow the eligible population, increase the burden on the HCP, and have a higher net cost.

Financial Implications of Expanding GLP-1 Coverage for Plan Sponsors

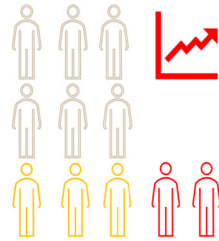
Understanding the Multifaceted Impact on Healthcare Spending Across the Entire Population



Existing Members

Increased pharmacy spending on GLP-1 medications from existing members

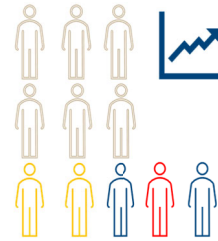
60% of healthcare spend on medications for GLP-1 patients comparing to 25% for non GLP-1 users¹



New Enrollees

New members with elevated baseline health costs seeking GLP-1 coverage

70% of GLP-1 patients with clinical conditions include T2D, obesity, cardiovascular disease and other comorbidities¹



Treatment Dropouts

Reduced pharmacy spend due to members discontinuing GLP-1 therapy

1 in 4 remain on therapy after 36 months¹



Adherent Members

Reduced complications and cost offset drive long-term savings (?)

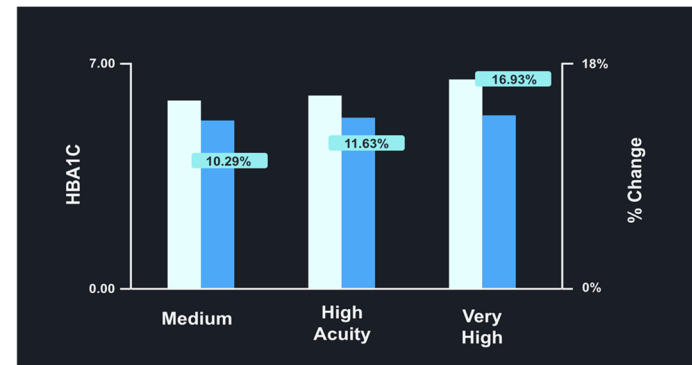
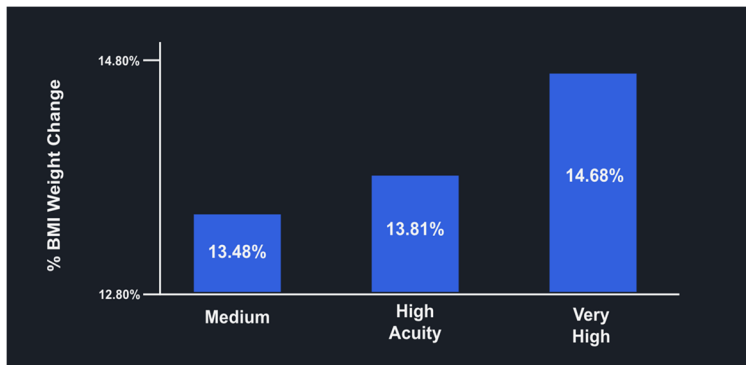
Cost offset remains uncertain

1: Milliman GLP-1 Analytics Dashboard

Clinical Outcomes Example

Higher-Acuity Patients Achieve Greater BMI and HbA1c Improvements, Showing That Lifestyle-Driven Care Delivers Measurable, Lasting Health Outcomes.

- **BMI reduction:** up to 14.7% weight loss in very high acuity patients
- **Sustained trend:** Continued improvement in ≥ 12 -months, with medium-acuity variance tied to new patients still early in their journey.
- **Why it matters:** Even modest weight loss reduces risk of hypertension, diabetes, and cardiovascular events, demonstrating outcomes beyond GLP-1 dependence and aligning with cost-savings goals.
- **HbA1c reduction:** up to 16.9% improvement in very high acuity patients
- **Sustained trend:** Continued improvement ≥ 12 months, with medium-acuity variance reflecting newer patients early in care
- **Why it matters:** HbA1c control reduces complications, hospitalizations, and long-term costs—Showing outcomes beyond weight loss and supporting employer and payer savings goals





GLP-1s and Milliman's Analytics Dashboard

Milliman GLP-1 Analytics Dashboard Highlights

Drive Better Patient Outcomes and Enhanced Financial Performance Through Advanced GLP-1 Analytics



Comprehensive Data Foundation

Milliman research database, ~ 40 million covered lives, spanning across states and multiple markets



18 Clinical Conditions

Analytics across 18 relevant clinical conditions affecting GLP-1 patients, including all on-label indications, frequent off-label uses, and conditions under investigation through clinical trials



Flexible Analytics

Interactive filters and drill-down capabilities enable proactive identification of care gaps and high-impact intervention opportunities



Track YoY Impact

Longitudinal tracking of outcomes and total cost of care impact across varying adherence periods



True Cost Analysis

Ability to factor in pharmacy rebates for accurate cost impact analysis



Client Specific

Integrates client-specific data to enable stakeholder evaluation of their unique experiences and performance and benchmarks against standard data

YOY = Year over year

Tracking the Impact of GLP-1s as the Market Evolves

Answering Critical Questions by Integrating Medical and Pharmacy With Key Performance Measures

Asking Questions

Prevalence

- Compared to benchmarks?
- Expected utilization if adding coverage?
- Utilization for different diseases and/or demographics.

Adherence

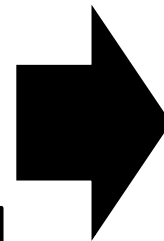
- Compared to benchmarks?
- What is the impact of clinical programs?
- What is the impact of other factors or demographics?

Trends

- Changes over time?
- What disease states and demographics are driving costs and utilization?
- Where are costs increasing and decreasing?

Total Cost of Care

- Are GLP-1 members showing lower medical costs? Which disease states? What risk?
- How is adherence impacting those costs?
- What is the impact when rebates are included?



Getting Answers

National Benchmarking (40M+ members):

- GLP-1 prevalence, adherence by drug, length of therapy
- Condition prevalence by GLP-1 user status
- Financial metrics (spend and utilization) by GLP-1 condition and user status

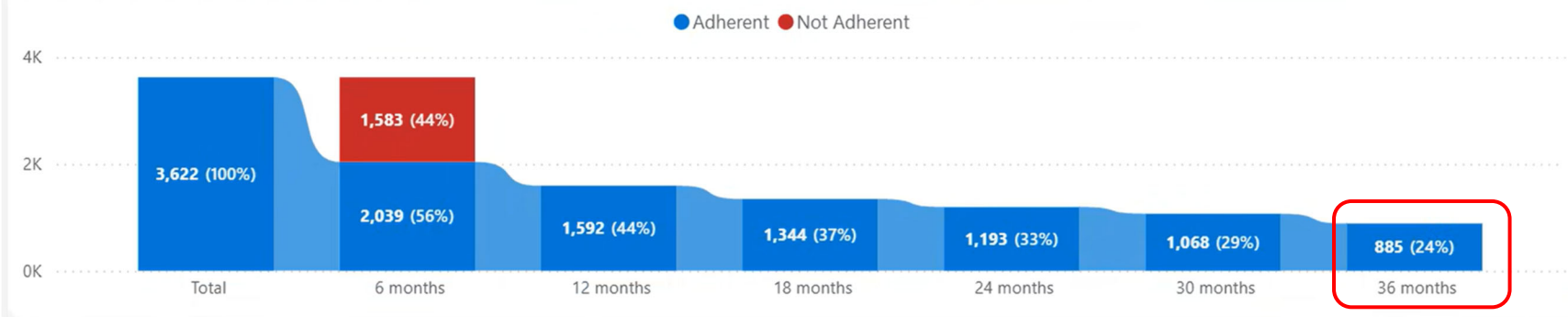
Outcome Metrics:

- Outcomes are evaluated on a longitudinal and observational basis
- Outcomes are compared across different cohort defined by
 - GLP-1 starting date
 - GLP-1 index drug
 - Condition
 - Level of adherence
- Measured outcomes, including
 - Total cost of care with and without rebates
 - Medical spend
 - Pharmacy spend
 - High-cost claimant prevalence

Initial Findings from GLP-1 Dashboard Analytics

Adherence Example—Patient with Obesity and No Diabetes

Patients who started GLP-1 therapy in 2021, distribution by adherence period:

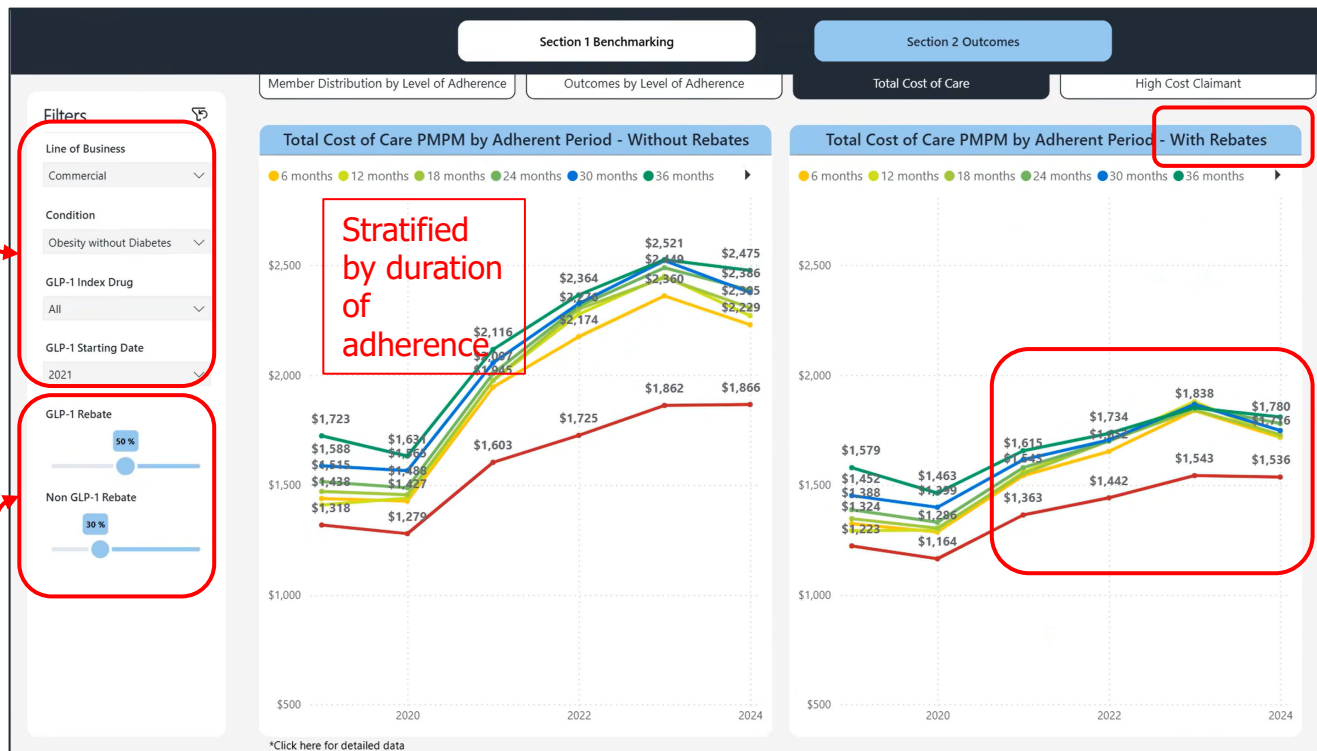


- ~3,600 patients with obesity but no diabetes in commercial market started therapy in 2021
- Only 56% of these patients stay adherent at 6-month, this percentage dropped to 33% at 24-month and dropped further to 24% at 36-month.

- Dashboard is developed based on Milliman Internal proprietary database. The content included in this slide is based on commercial and individual markets only.
- Content is based on members who are eligible for both medical and pharmacy benefits, with 12 months of enrollment in each year, and continuously enrolled from 2019 to 2024.
- All the results are measured based on data through December 31, 2024.
- All results are measured on observational basis.

How Can Payers Better Manage and Measure GLP-1 Outcomes?

Total Cost of Care (TCOC) Outcome Example—Obesity and No Diabetes



View TCOC by line of business, disease state, drugs, and start dates

Customize level of rebates

Stratified by duration of adherence

Factor in custom estimates of drug rebates in TCOC

Outcome:

Comparing 36-month adherent cohort to not adherent for 6-month cohort:

- 1) Average 4-year trend for 36-month adherence group is **2.5%**, comparing to 4% for those who are not adherent for more than 6 months;
- 2) Year 3 (CY2024) difference-in-difference per patient per year spend is **\$48 lower** than index year (CY2021)

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Updated View From the Fund Office

- High volume of issues related to HCP in the prior authorization process
- Supply chain is no longer a significant issue
- More support programs are now available to help participants make sustainable lifestyle changes
- Direct-to-consumer marketing has not made a major impact on increased utilization
- Recognizing higher retention for participants who had higher BMIs to start
- Seeing improved adherence as prior authorization and supply chain “gaps” have diminished
- Still a higher percentage of employee dependents on the program; no child dependents currently participating

Updated View From the Fund Office

- We do not advertise the benefit. We want it to be doctor-driven.
- Fund seeks a transparent net price aligned with program provisions
- Cautious of possible “direct pricing” pitfalls
- We continue to view the benefit as a strong long-term investment for our members and their families
- Fraud, waste and abuse don’t seem to be a major issue that we assumed it would be
- “Narrowing the net”, PBM contracting and strict oversight of our program are keys to our success
- We are now in the “MAINTENANCE PHASE”(FOR THE FUND)

Key Takeaways

Net cost, patient adherence, and comprehensive comorbid disease management should be considered when looking at TCOC for GLP-1s, which has been incorporated into Milliman's GLP-1 dashboard

Adherence and persistency play a pivotal role in the success of therapy and overall total cost of care for GLP-1 patients

Cost offsets have yet to fully materialize and vary by patient segment; both pricing strategy and wraparound support programs are critical to achieving favorable short- and long-term financial outcomes

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Session Evaluation





Questions?