Sept. 23, 2024

The Honorable Bernie Sanders
Chairman
Committee on Health, Education, Labor, and Pensions
United States Senate
Washington, DC 20510

The Honorable Bill Cassidy, MD
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate
Washington, DC 20510

Re: Pricing Practices for GLP-1 Prescription Drugs in the Commercial Market

Dear Chairman Sanders and Ranking Member Cassidy:

We appreciate the HELP Committee's efforts to better understand issues around affordability and access for Glucagon-like peptide-1 receptor agonists (GLP-1s) for treatment of obesity. While these products may hold the promise of reducing the rate of obesity and the significant health care costs to treat chronic conditions associated with obesity, the price for coverage of these products for purchasers and patients alike remains a significant barrier to access. Specifically, the undersigned organizations, representing the nation's leading employer and purchaser groups, are writing today to express our concern over the treatment of rebates related to employer purchase of GLP-1s on behalf of workers and families.

Today, roughly one-third of self-funded employers and purchasers cover GLP-1s for treatment of obesity.[1] For those organizations that choose not to cover the product for obesity, the cost of coverage is cited as a common obstacle.[2] Cost of coverage of GLP-1s for obesity can exceed $10,000 per covered individual annually.[3] **Astoundingly, the coverage of GLP-1s for obesity increased overall health care spending for employers that cover the products for obesity by nearly 9 percent in 2024.[4]**

Faced with the very high cost of coverage for a product that could be prescribed to nearly 40 percent of the adult US population,[5] many employers are seeking to

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[1] International Foundation of Employee Benefit Plans (IFEBP), 2024: https://www.ifebp.org/resources---news/survey-reports/glp-1-drugs--2024-pulse-survey-report-(u.s.-corporate-data)

[2] Accolade, 2023: https://ir.accolade.com/news-releases/news-release-details/glp-1-coverage-employer-plans-could-nearly-double-2024

[3] Society for Human Resource Management, 2024: https://www.shrm.org/topics-tools/news/benefits-compensation/employers-covering-glp1-drugs-could-nearly-double-in-2024-accolade-weight-loss-ozempic-wegovy

[4] IFEBP, 2024, *op. cit.*

[5] Wong *et al,* 2023: https://link.springer.com/article/10.1007/s10557-023-07488-3

ameliorate their costs related to GLP-1 coverage using several common utilization management tools, including:

- Requiring patients try lower-cost alternatives before coverage of GLP-1s for obesity
- Limiting coverage of GLP-1s for obesity to people with a high body mass index[6]
- Requiring covered individuals to engage in lifestyle-management programs to help them successfully keep weight off[7]

Unfortunately, based on reports in the media and from brokers and consultants, and, anecdotally, in conversations with the employer and purchaser members of our organizations, many employers that seek to engage in utilization management are threatened with loss of drug manufacturer rebates, meaning the per-unit cost of coverage for GLP-1s can increase dramatically.[8]

Consider, for example, the experience of the State of North Carolina. While only 3 percent of plan members were taking a GLP-1, the cost of the drug accounted for more than 10 percent of the health plan's spending on pharmaceuticals.[9] The state estimated that continued broad coverage of the drugs would increase premiums for all plan beneficiaries (including the 97 percent of people not on the products) by nearly $50 per month.[10] Faced with a projected cost of $170 million to the state employee health plan, the plan trustees sought to mitigate the tremendous cost on the state budget. When threatened with the total loss of rebates – essentially increasing per-dose cost of coverage of GLP-1s by two-thirds, the state made the difficult decision to stop covering GLP-1s entirely, depriving thousands of state employees and their families of access to these drugs.[11]

It is deeply disappointing that employers that are seeking to offer coverage for life-changing medicines are put in the untenable position of either significantly and uncontrollably impacting their health plan budgets, or offering no coverage at all.

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[6] Food and Drug Administration (FDA) approval for coverage of GLP-1s currently on the market indicate the patient should have a body mass index (BMI) of at least 30 with no comorbidities or a BMI of 27 with comorbidities.

[7] The FDA label notes that GLP-1s should be used as "an adjunct to a reduced calorie diet and increased physical activity for chronic weight management." FDA, 2022: https://www.accessdata.fda.gov/drugsatfda_docs/label/2023/215256s007lbl.pdf

[8] See, for instance: Willis Towers Watson, 2024: https://www.wtwco.com/en-us/insights/2024/02/glp-1-drugs-implications-for-employer-health-plans;

[9] New York Times, 2024: https://www.nytimes.com/2024/04/24/well/live/ozempic-cost-senate.html

[10] North Carolina State Health Plan, 2024: https://www.shpnc.org/blog/2024/03/07/statement-regarding-glp-1-coverage

[11] Associated Press, 2024: https://apnews.com/article/north-carolina-insurance-program-weight-loss-prescriptions-b08389eea18137e28799f1793d56a6a6#

Under ERISA, self-insured employers have significant latitude in designing health insurance benefits to fit their own unique situations, including size, geographic location, industry, and employee demographics. Critically, self-insured employers are required by law to act as prudent fiduciaries over health plan assets. Providing access to life-changing medicines and services while protecting health plan assets is a difficult balancing act for any self-funded employer plan. If drug manufacturers and pharmacy benefit managers (PBMs) continue to withhold rebates unless employers follow *their* demands about plan design, that balancing act becomes untenable.

We strongly urge the Committee to investigate pricing and rebate practices by GLP-1 manufacturers and pharmacy benefit managers, which negotiate rebate structures with drug makers. We hope the Committee's investigation can provide public visibility into the challenges faced by employers and purchasers. As the committee considers future policymaking, it should seek to ensure that employers have the tools they need to provide access to care for those in greatest need while maintaining their fiduciary obligations under the law.

Sincerely,

Shawn Gremminger
President and CEO
National Alliance of Healthcare Purchaser Coalitions

James Gelfand
President and CEO
The ERISA Industry Committee