

GLP-1s in Medicare

PERSPECTIVES Q&A

By Jackie Lee



GLP-1s (glucagon-like peptide-1 agonists and glucagon-like peptide-1 receptor agonists) have gained a rapid following over the last few years. By the sound of it, you'd think GLP-1s were the latest pop culture icon, but they are in fact a group of medications that have been around for [nearly 20 years](#). Why, then, are GLP-1s all over the news? Why is it being discussed as though Medicare changed their law? In this Perspectives Q&A, we'll address these questions and more.

Q. What are GLP-1s?

A. GLP-1s are a class of drugs prescribed for weight loss, to treat diabetes, or to reduce the risk of stroke and heart attack in adults with heart disease. They were [initially developed in 2005](#) to help people with diabetes 2 control their blood sugar levels, which works by mimicking a hormone in the body that regulates insulin levels. GLP-1s include injectable drugs, such as Ozempic and Mounjaro, both approved as diabetic drugs. It also includes Wegovy (also an injection) and Rybelsus (an oral pill).

Q. Who is prescribed GLP-1s and how many people take them?

According to a [KFF Health Tracking Poll from May 2024](#):

“Overall, 12% of adults say they have ever used GLP-1 drugs, including 6% who say they are currently using them. The share who report ever taking these drugs rises to about four in ten (43%) among adults who have been told by a doctor that they have diabetes, a quarter (26%) of adults who have been told they have heart disease, and one in five (22%) adults who have been told by a doctor that they are overweight or obese in the past five years (some of whom also have diabetes or heart disease).”

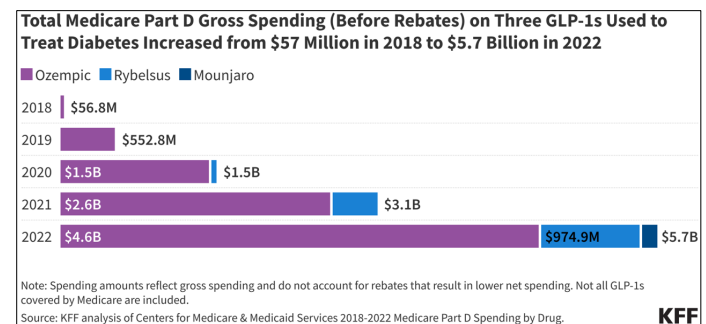
One estimate for Medicare is that [over 5% of the Medicare Part D population](#) is already taking a GLP-1 for diabetes in 2024.

Q. What does GLP-1 spending in Medicare look like?

A. According to the [2024 Medicare Trustees Report](#), drug spending in 2023 was influenced by the rising utilization of

recently approved medications and the accumulated demand for specific drug categories. Notably, the unexpected surge in antidiabetic drug usage (i.e., GLP-1s) contributed to a 4.4% increase in drug expenditures in 2023 and is projected to continue driving faster growth in drug spending through 2031.

Current total Medical Part D gross spending (before rebates) on Ozempic, Mounjaro, and Rybelsus increased 10-fold from 2018 to 2022, [according to KFF](#).



Q. Did Medicare change their law around GLP-1s?

A. No. There are many stories out there indicating or stating that Medicare changed their law, when the fact is they merely clarified it after the FDA (the U.S. Food and Drug Administration) announced one of the GLP-1 medications (Wegovy) received an additional indication.

The [FDA stated on March 08, 2024](#) that:

“Wegovy is now the first weight loss medication to also be approved to help prevent life-threatening cardiovascular events in adults with cardiovascular disease and either obesity or overweight,” said John Sharretts, M.D., director of the Division of Diabetes, Lipid Disorders, and Obesity in the FDA’s Center for Drug Evaluation and Research.”

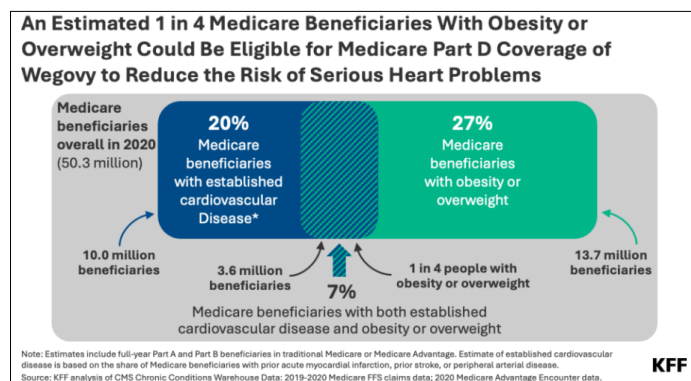
[CMS stated in their March 20th memo](#) regarding Medicare Part D coverage of chronic weight management products, also known as anti-obesity medications (AOMs):

“CMS is clarifying that AOMs that receive FDA approval for an additional medically accepted indication, as defined by section 1927(k)(6) of the Act, can be considered a Part D drug for that specific use. For example, a glucagon-like peptide 1 (GLP-1) receptor agonist that receives FDA approval for chronic weight management alone would not be considered a Part D drug. If this same drug also receives FDA approval to treat diabetes or reduce the risk of major adverse cardiovascular events (cardiovascular death, non-fatal myocardial infarction, or non-fatal stroke) in adults with established cardiovascular disease and either obesity or overweight, then it would be considered a Part D drug for those specific uses only. Unless provided as a supplemental benefit, Part D coverage is still not available for AOMs when used for chronic weight management in patients who do not have the additional medically accepted indication.”

Q. How does the Wegovy announcement affect Medicare beneficiaries and health insurers?

A. Due to the enactment of the Inflation Reduction Act (IRA) of 2022, out-of-pocket spending could be reduced for GLP-1s, including Wegovy, in the Medicare Drug Price Negotiation Program. However, the earliest a negotiated price for semaglutide, for example, the active drug in Ozempic and Wegovy, would be available is in [2027 and in 2031](#) for tirzepatide, the active drug in Mounjaro.

The Medicare beneficiaries who would be potentially eligible for Wegovy is significant at an estimated 25%.



As far as current coverage is concerned, [some health plans](#) have already begun paying for Wegovy.

[GlobalData revealed](#) that sales of GLP-1s pulled in \$25 billion in 2023 in seven major markets: the U.S., France, Spain, Germany, Italy, Japan, and the U.K. Estimates of sales are projected to reach \$111 - \$158 billion within a decade.

Q. Why else have we heard about GLP-1s in the news?

A. You’ve likely heard about Ozempic and Wegovy due to the [numerous celebrities](#) talking about taking it for weight loss. However, Ozempic is only approved by the FDA for the treatment of type 2 diabetes, although providers can prescribe it for “off-label” use, i.e., a use for other than what was FDA-approved.

The rise in popularity of the drug has been for the weight loss effects, but Ozempic manufacturer Novo Nordisk sells the higher dose intended for weight loss under the brand name Wegovy. So why does it seem as though is Ozempic getting all the attention? Supplies of Wegovy were unable to meet the rising demand, and there was a Wegovy shortage, prompting providers to prescribe Ozempic off-label more frequently. Then a shortage of Ozempic occurred, and those who were diabetic [spoke out](#) against those who were getting prescribed Ozempic without diabetes, sparking a debate about using Ozempic “off-label”.

In the following chart, you can see the percentage of Ozempic users using the drug for diabetes/pre-diabetes control decreased from 92% in 2018 to 77% in 2021.

