

HEALTH

# Employers Cut Off Access to Weight-Loss Drugs for Workers

As costs mount for popular drugs such as Wegovy, a cousin of Ozempic, health plans are restricting coverage to save money

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The use of drugs such as Wegovy and Ozempic has exploded as word has spread about their weight-loss benefits. PHOTO: JIM VONDRUSKA/REUTERS

So many people have turned to drugs used for weight loss that some employers are cutting off insurance coverage to head off climbing bills.

Spending on the popular drugs, which belong to the class including Ozempic and can cost as much as \$1,350 a month for a patient, has quickly leapt into the tens of millions of dollars for insurance plans. The outlays are straining the finances of some plans, including those funded by employers.

After its costs for the drugs more than tripled over the past 18 months to about \$5 million a month, the University of Texas System said it would end insurance coverage of Novo Nordisk's Wegovy and Saxenda for its employees and others covered by its health plans effective Sept. 1.

Continuing to pay for the medicines "is unsustainable due to the current rate of prescription drug expenditures," said a university benefits newsletter.

The reimbursement cuts, along with restrictions that other employers are implementing, mark the financial downside of the drugs' medical triumph. While the medicines are the first to help people lose significant weight, employers that must foot the bill may not be able to afford it.

"Everybody is concerned this treatment is going to add a huge cost burden on health plans," said Michael Thompson, chief executive of the National Alliance of Healthcare Purchaser Coalitions, which includes groups representing employers. "It's one of the key issues employers are having to wrestle with today because of the prevalence of these medicines."

Use of drugs such as Ozempic and Wegovy has exploded as word has spread about their weight-loss benefits. Demand has risen so high so fast that Novo

Nordisk, the maker of the drugs, hasn't been able to manufacture enough, while analysts have been revising multibillion-dollar sales estimates upward.

Last month Morgan Stanley analysts raised their estimate for the anti-obesity market to \$77 billion worldwide in 2030, up \$23 billion from a previous forecast.

The rising popularity of the drugs is confounding companies. They may want to help employees who are severely overweight and can have related medical conditions that add to health-insurance costs, but are worried about adding a costly new expense.

The University of Texas System health plan said it isn't seeing any of the expected reduction in costs for other health conditions that weight loss could avert. "These savings are not being realized due to the excessive cost the drug manufacturer charges for the weight-loss medication," the benefits newsletter said.

A spokeswoman for the university system declined to comment beyond the benefits newsletter.

The reimbursement changes affect coverage of drugs prescribed for weight loss, not for treatment of diabetes, for which some are also used. The drugs belong to a class of medicines that work by mimicking a gut hormone called GLP-1.

Ascension Healthcare, which operates nonprofit and Catholic hospitals and other health facilities in several states primarily in the Midwest and the South, stopped covering anti-obesity drugs including Wegovy and Saxenda for its health plan members July 1. The exclusion also applies to older weight-loss drugs such as phentermine.

A spokesman for St. Louis-based Ascension didn't respond to a request for comment.

Denmark-based Novo Nordisk charges a list price of \$1,349 for roughly a month's supply of each Wegovy and Saxenda. A related drug, Ozempic, is approved to treat Type 2 diabetes and costs about \$930 a month, but isn't typically covered by insurance plans for weight loss in people without diabetes.



The University of Texas System said it would end coverage of Novo Nordisk's Wegovy and Saxenda for its employees and others covered by its healthcare plans. PHOTO: BILL MCCULLOUGH FOR THE WALL STREET JOURNAL

Novo Nordisk declined to comment on employers ending coverage of the drugs.

The coverage cutbacks could stall or reverse progress that employees and doctors made in recent years gaining health-insurance reimbursement of prescriptions for weight loss. More health plans had been agreeing to pay for the drugs as research emerged indicating obesity was a disease, rather than a lifestyle choice.

“These drugs work,” Dr. Irl Hirsch, a diabetes specialist from the University of Washington, said during a debate over the drugs’ cost at a recent medical meeting in San Diego. “Nobody’s arguing it. It’s that we don’t have access because of the cost.”

Some employers have continued to cover the drugs, but have taken steps to try to curb costs. The University of Michigan earlier this year increased the monthly copay for Wegovy and Saxenda to \$45 from \$20.

The move was designed to encourage health plan members to first try other, less expensive options. The copay for phentermine tablets, for instance, is only \$10 a month.

“These are very expensive medications,” said Brian Vasher, assistant vice president for benefits and well-being programs at the university, whose health plans cover about 120,000 people. “We do want people to try those lower-cost options.”

The prescription-drug benefit plan for state government employees in Connecticut now requires members to obtain anti-obesity drugs through Intellihealth, a Connecticut-based, anti-obesity medical practice that offers telehealth and app-based care.

The state’s costs for the GLP-1 anti-obesity drugs for plan members have risen 50% since 2020, and are on track for \$30 million annually by the end of this year, said Connecticut State Comptroller Sean Scanlon.

“To me, saying we’re not going to cover these anymore was a nonstarter, because these drugs do work. People want to take them,” he said.

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