

Date: February 9, 2024

To: Zane Buckminster
Vermont General Assembly

From: Colleen Becker
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Subject: State Employee Health Plan Coverage of GLP-1 Drugs

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Dear Zane,

Thank you for reaching out to NCSL! Below is the information related to coverage of obesity medication. I hope this is useful! Please note the proposed legislation in the Vermont House in the state legislative examples section.

Please note that NCSL takes no position on state legislation or laws mentioned in linked material, nor does NCSL endorse any third-party publications; resources are cited for informational purposes only.

Overview

Glucagon-like-peptide-1 agonists, or GLP-1 drugs, are used in the treatment of type 2 diabetes, and some have been found to treat obesity. They are typically injected by the patient and are often used long term. In addition to GLP-1 drugs, there are a few other therapeutic options used in the treatment of obesity including:

- Orlistat (oral) (Blocks the absorption of fat) – is over the counter
- Phentermine (oral) (reduces appetite)
- Naltrexone/Bupropion (oral) (reduces appetite)
- Liraglutide (intravenous) (reduces appetite)
- Lorcaserin (oral) (reduces appetite)

Bariatric surgery is another treatment option, although usually reserved for people with a body mass index greater than 40.

Research from [IQVIA](#) shows that the number of providers prescribing GLP-1 drugs increased by 228% from July 2020 to May 2023. The annual list price for this class of products ranges between [\\$12,200 to \\$17,600](#). A study by [Milliman](#) showed that most fully insured commercial payers cover GLP-1 medications for weight loss, but often apply utilization management strategies such as prior authorization and step-therapy. Many payers, including state employee health

plans and state Medicaid programs, are looking at ways to balance patient access with cost. In my research, I did not find any evidence that states have evaluated the impacts of these products.

Examples of State Medicaid Program Coverage Requirements

There does not appear to be previous legislation that addresses coverage of these medicines at the Medicaid level, however:

- **States that cover weight-loss medications may have done so for years before the FDA approval for more recent drugs.** For example, at least [Kansas](#), [Wisconsin](#), [South Carolina](#) and [Louisiana](#) appear to have covered pharmacotherapy drugs for obesity and weight loss in the Medicaid program since at least 2017, before the FDA approved the current GLP-1 drugs (such as Ozempic and Wegovy) for weight loss (See [Figure 1 in the linked study](#)).
- **State pharmacy coverage decisions may occur at the state agency level.** States vary widely in the scope of duties and authorities they delegate to the state Medicaid agency. While state legislatures frequently pass legislation adding or removing access to certain benefits in the Medicaid program, states rarely require legislative approval for every covered benefit in the state Medicaid program. For example, state agencies specify covered benefits and scope of coverage through the Medicaid State Plan and through amendments to the state plan. The [state plan](#) is the agreement between the state Medicaid agency and the federal Centers for Medicare and Medicaid Services (CMS) that specifies who is eligible for Medicaid, the benefits covered, and the provider payment rates and methodologies for the program.

Additional Resources:

- [KFF: Medicaid Budget Survey for State Fiscal Years 2023 and 2024](#)
Includes a section dedicated to state [Coverage of Weight-Loss Drugs](#). States can [choose](#) whether to cover weight loss drugs in the state Medicaid program. According to the KFF report, [16 states](#) cover anti-obesity or weight-loss medications as of July 1, 2023, including Kansas, Mississippi, Louisiana, South Carolina, Texas, and Wisconsin.
- [KFF: Medicaid Utilization and Spending on New Drugs Used for Weight Loss](#)
This brief discusses Medicaid coverage of weight-loss drugs, recent trends in Medicaid utilization and gross spending on new drugs used for weight loss, and the potential implications of those new drugs for Medicaid programs and enrollees.
- [JAMA: Cost-Effectiveness of Anti-obesity Drugs for Adolescents with Severe Obesity](#)
Compares cost-effectiveness between semaglutide (Wegovy) and other approved treatments (phentermine, liraglutide and surgical intervention) in adolescents.
- [USC Schaffer: Benefits of Medicare Coverage for Weight Loss Drugs](#)
Key Takeaways

- New, highly-effective treatments for obesity are available, yet federal law constrains access to only 1% of Americans eligible for treatment.
- The cumulative social benefits from Medicare coverage for new obesity treatments over the next 10 years would reach almost \$1 trillion, or roughly \$100 billion per year.
- Medicare coverage of weight-loss therapies would save federal taxpayers as much as \$245 billion in the first 10 years of coverage alone, if private insurers were to follow Medicare’s lead.

Examples of State Employee Health Plan Coverage Requirements

- Last August, [North Carolina’s](#) State Health Plan announced that it will stop covering GLP-1 drugs April 1, 2024.
- A study commissioned by the state of [Delaware](#) investigated the potential impact that these products might have for the state employee health plan and provided key considerations and possible next steps. This study also compared models used in Connecticut and Florida.
- The [Connecticut](#) state health plan prescription benefits plan document states (pg.24) that members must enroll in a clinical lifestyle management program in order to obtain GLP-1 drugs. Sean Scanlon, Connecticut’s comptroller, wrote an [op-ed](#) to discuss his state’s approach to this issue.
- [Kentucky](#) pursued a similar strategy requiring members interested in GLP-1 drugs to first enroll in a weight management pilot program.
- The [Federal Employees Health Benefits](#) issued a communication for 2023 FEHB carriers stating that they are not allowed to exclude anti-obesity medications from coverage based on a benefit exclusion or a carve out. FEHB carriers must have adequate coverage of FDA approved anti-obesity medications on the formulary to meet patient needs and must include their exception process within their proposal. In cases where utilization management is applied, the process and evidence-based criteria for coverage must be transparent, readily accessible, and follow OPM required turnaround timelines.

Examples of State Legislation

These examples include bills that address coverage of FDA-approved anti-obesity medications for all state regulated plans.

Year	Bill	Status	Summary	
2023	CA SB 839	pending	An individual or group health care service plan contract that is issued, amended, or renewed on or after January 1, 2025, shall include comprehensive coverage for the treatment of obesity, including coverage for intensive behavioral therapy, bariatric surgery, and FDA-approved anti-obesity medication. Coverage criteria for FDA-approved anti-obesity medications shall not be more restrictive than the FDA-approved indications for those treatments. Coverage under this section shall not be different or separate from	Bill Analysis

			<p>coverage for any other illness, condition, or disorder for purposes of determining deductibles, lifetime dollar limits, copayment and coinsurance factors, and benefit year maximums for deductibles and copayment and coinsurance factors.</p> <p>This section does not prohibit a plan from applying utilization management to determine the medical necessity for treatment of obesity under this section if appropriateness and medical necessity determinations are made in the same manner as those determinations are made for the treatment of any other illness, condition, or disorder covered by a contract.</p>	
2024	CO SB 54	pending	<p>The bill requires all private insurance companies to provide coverage for the treatment of the chronic disease of obesity and the treatment of pre-diabetes, including coverage for intensive behavioral or lifestyle therapy, bariatric surgery, and FDA-approved anti-obesity medication. No later than January 2025, the bill requires the department of health care policy and financing (department) to seek federal authorization to provide treatment for the chronic disease of obesity and the treatment of pre-diabetes. Upon receiving federal authorization, the department is required to notify Medicaid members in writing about the availability of the treatment.</p>	
2023	MA HB 1243 MA SB 754	pending	<p>Notwithstanding any general or special rule to the contrary, the division shall require comprehensive coverage for treatment of obesity. The term "comprehensive coverage for treatment of obesity" includes coverage for prevention and wellness, nutrition counseling, intensive behavioral therapy, bariatric surgery, and FDA-approved anti-obesity medication. The term 'FDA-approved anti-obesity medication' refers to any medication approved by the US Food and Drug Administration with an indication for chronic weight management in patients with obesity.</p> <p>a) Coverage criteria for FDA-approved anti-obesity medications provided under this section shall not be more restrictive than the FDA-approved indications for those treatments.</p> <p>b) Coverage under this section shall be neither different nor separate from coverage for any other illness, condition, or disorder for purposes of determining deductibles, lifetime dollar limits, copayment and coinsurance factors, and benefit year maximum for deductibles and copayment and coinsurance factors.</p> <p>c) Nothing shall preclude the undertaking of utilization management to determine the medical necessity for treatment of obesity under this section, provided that all such appropriateness and medical necessity</p>	

			determinations are made in the same manner as those determinations are made for the treatment of any other illness, condition, or disorder covered by such policy, contract, or plan.	
2024	NJ AB 1891 NJ SB 2554	pending	This bill requires the State Health Benefits Program (SHBP), the School Employees Health Benefits Program (SEHBP), the State Medicaid program, and the NJ FamilyCare program to provide coverage for anti-obesity medications for subscribers or enrollees. It is the intent of the sponsor of the bill to require these State-supported health benefits programs to cover anti-obesity medications in order to reduce the prevalence of, and medical costs associated with, obesity-related health problems.	
2023	NY A 8045	pending	Every policy which provides medical, major medical, or similar comprehensive-type coverage shall provide comprehensive coverage for treatment of obesity, which shall include coverage for prevention and wellness, nutrition counseling, intensive behavioral therapy, bariatric surgery, and FDA-approved anti-obesity medication. Coverage criteria for FDA-approved anti-obesity medications shall not be more restrictive than the FDA-approved indications for those treatments. Coverage under shall neither be different nor separate from coverage for any other illness, condition, or disorder for purposes of determining deductibles, lifetime dollar limits, copayment and coinsurance factors, and benefit year maximum for deductibles and copayment and coinsurance factors. Nothing shall preclude the undertaking of utilization management to determine the medical necessity for treatment of obesity under this subsection, provided that all such appropriateness and medical necessity determinations are made in the same manner as those determinations are made for the treatment of any other illness, condition, or disorder covered by such policy, contract, or plan.	
2024	VT HB 765	pending	A health insurance plan shall provide comprehensive coverage for treatment of obesity, including: (1) coverage of anti-obesity medications approved by the FDA at levels that are adequate to meet patient needs, including covering at least one anti-obesity drug from the GLP-1 class for weight loss and at least two additional oral anti-obesity medications; (2) coverage of access to effective lifestyle interventions, including nutrition counseling, nutrient tracking, and exercise planning and tracking with coaching; (3) coverage of surgery for treatment of obesity, including bariatric surgery; and	

			(4) providing access to a range of obesity treatment options and ensuring nondiscriminatory access to safe, clinically appropriate drug therapy for members with chronic conditions, including drug therapies indicated for adolescents 12 years of age and older.	
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NCSL Resources:

- [Prescription Drug State Bill Tracking Database](#)
- [Prescription Drug Policy Resource Center](#)

Please don't hesitate to reach out with additional questions!

Sincerely,

Colleen