

OFF-LABEL DRUG USE

COVER FOR WEIGHT LOSS OR NOT?



To cover or not is the question many U.S. insurance companies and employers continue to ponder when it comes to obesity medications, such as Wegovy, and diabetes drugs, like Ozempic and Mounjaro, being used off-label for weight loss.

“Most health insurance plans typically don’t cover Ozempic for weight loss, as the medication is currently only FDA-approved for type 2 diabetes treatment.” Source: Bloomberg

With increasing demands from employees to cover the drugs, along with recent FDA-approval for others (e.g., Zepbound) to specifically treat obesity, employers seem more open to the idea of covering these drugs despite the current cost. According to the 2024 Large Employers’ Health Care Strategy and Plan Design Survey, 22 percent of employers covered off-label use in 2023. But over the next two years, nearly two-thirds (62 percent) expect to cover it for employees.

One reason employers may be more inclined to cover the drugs is due to the potential benefits they get from healthier workers. Today, obesity affects almost [42 percent](#) of American adults, and is associated with a wide range of chronic health conditions, diseases, including type 2 diabetes and heart disease, arthritis, sleep apnea, and some types of cancers. Left untreated and unmanaged, obesity is estimated to increase U.S. healthcare spending by \$170 billion annually, adding to health plan costs for employers.

BENEFIT FROM COVERING THESE DRUGS

With the increasing popularity and efficacy of these drugs, it’s not surprising that many workers now seek coverage from their employer-sponsored health plans. While the high cost may prevent employers from covering them, there is a potential to improve talent recruitment efforts and employee retention for those employers that do cover the drugs.

The Society of Human Resource Management reports that HR decision-makers feel it will create a better health insurance package overall for employees, as well as give a boost to overall employee satisfaction.









Employers that cover/plan to cover GLP-1 drugs (e.g. Wegovy):

In 2023 = 25% | In 2024 = 43%

Source: [Accolade](#)

The important question to answer is: When choosing to cover these drugs, how can employers balance the added expenditure with the fierce pressure to keep the cost of health insurance down?

CONTAIN COSTS OF NON-APPROVED WEIGHT-LOSS DRUGS

-  **Require prior authorization**
for certain medications to compel employees to obtain approval from their healthcare providers, and deter misuse, before your health plan covers these drugs.
-  **Impose stricter requirements**
so that employees (and their doctors) must provide proof that other medications or approaches did not control blood sugar or resulted in serious side effects.
-  **Promote step therapy**
to encourage employees to try less expensive weight loss treatments first before pursuing higher cost medications. For example, someone seeking a prescription for Wegovy might first try making lifestyle changes that include diet, exercise, hypnosis, or lower cost drugs approved for weight control.
-  **Consider lifestyle modification programs**
as a prerequisite for coverage. According to a recent survey, [22 percent](#) of employers who cover FDA-approved weight-loss drugs require employees to participate in a lifestyle modification program in order to be eligible for the drugs.
-  **Place limits on coverage**
either in dollar amount or length of treatment. Weight-loss drugs aren't considered essential health benefits so employers can limit lifetime maximum benefits. In 2024, the Mayo Clinic medical plan, for instance, will impose [a lifetime limit of \\$20,000](#) for weight loss medication coverage.
-  **Explore alternatives**
such as covering psychology-based weight loss programs, like Noom, to support weight loss. In some cases, these programs offer prescriptions for obesity drugs, like Wegovy, for approximately \$120 per month, as well as cheaper weight loss medications that can help reduce food cravings.
-  **Invest in wellness programs**
that focus on weight management and mental health. Encourage employees to participate in fitness programs, nutritional counseling, and stress management to help reduce the need for off-label drug use.
-  **Include counseling and support services**
for personalized weight-loss coaching and related support in employee assistance programs to reinforce healthier lifestyles, eating habits, etc.

With the experience and access to create bespoke solutions that can enhance your acquisition, retention, and cost containment efforts, the team will work as an extension of your human resources team.

[Let's Get Started](#)