

Blue Cross Blue Shield of Michigan to end coverage for GLP-1 weight loss drugs

Market Event Summary

BCBS of Michigan pulls back on GLP-1 coverage

GLP-1 drug coverage

Event

In a move that will impact thousands of patients, Michigan's largest insurer, Blue Cross Blue Shield of Michigan, announced in June 2024 its plans to wind down coverage for GLP-1 agonists prescribed for weight loss (Novo Nordisk's Wegovy and Saxenda, and Eli Lilly's Zepbound) by 2025. This will impact fully insured, large-group commercial plan members. GLP-1 agonists indicated for type 2 diabetes will continue to be covered.

Implementation

- Starting in August 2024, the plans include new prior authorization criteria. Members seeking drug coverage must be 18 years or older with a body mass index of 35 or higher, demonstrate active participation in a lifestyle modification program for at least six months prior to the request, and enroll in the Teladoc Health weight management program.
- Effective January 2025, BCBS of Michigan will end coverage for GLP-1 weight loss drugs.

Background and context

GLP-1 agonists have gained significant attention in the U.S. healthcare market. Due to the increasing demand and associated costs of these drugs, insurers and employers are being forced to revise their coverage policies.

According to [a Blue Health Intelligence study](#), more than 30 percent of patients discontinued GLP-1 treatment within the first month before experiencing any clinical benefit.

Additionally, there are few evidence-based studies that indicate the long-term cost-effectiveness of this drug class. These factors, among others, have led BCBS of Michigan to scale back its coverage of GLP-1 agonists for weight loss. The payer may, however, cover the drug on a medical necessity basis following formulary exclusion.

OptumRx, the contracted pharmacy benefit manager for BCBS of Michigan, offers a weight management program called Weight Engage to group plan members. It is not clear if BCBS of Michigan will utilize this program for its own members.

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Patient

More than 8,500 members who depend on GLP-1 agonists for weight loss will have to cover the full cost of these drugs or find treatment alternatives. This change will create access barriers and may lead to discontinuation of therapy, potentially worsening health outcomes.



Pharma

Though GLP-1 drugs will continue to be covered for diabetes, manufacturers like Novo Nordisk and Eli Lilly may experience a decrease in GLP-1 sales in the Michigan market.



Payer/PBM

BCBS of Michigan and OptumRx may see a decrease in drug expenditures, leading to cost-savings. However, it could result in higher long-term healthcare costs if patients experience weight-related complications.

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Strategic implications

- **Industry norm**

BCBS of Michigan's decision to stop covering GLP-1 drugs for weight loss may set a precedent for other insurers. They will monitor the outcomes of this policy change to assess its impacts, potentially influencing their own coverage decisions for GLP-1 agonists.

- **Patient behavior**

Patients may turn to traditional weight loss solutions like gym memberships, fitness classes, and lifestyle modification programs as an alternative to pharmacological therapy. This could lead to a rise in demand for such programs offered by third-party vendors.

- **Pharma perception**

There may be heightened scrutiny on the efficacy and cost-effectiveness of weight loss drugs, influencing future coverage decisions and reimbursement rates.

- **Pharma reaction**

Additionally, drug manufacturers may introduce patient assistance programs or drug discount coupons to maintain access to GLP-1 agonists for affected patients.

Open questions

- Will BCBS of Michigan leverage OptumRx's Weight Engage program or a similar program to assist these patients?
- How might other insurers respond to BCBS of Michigan's decision, and what implications could this have for the broader healthcare market?
- What potential long-term health and economic impacts could result from reduced access to these weight loss drugs?

Factors for consideration

More than 100 weight loss drugs are in development by companies like Boehringer Ingelheim, Roche, and Pfizer. The launch of these drugs may introduce low-cost alternatives, inevitably reshaping the market landscape.

Despite the challenges, GLP-1 agonists have become a mainstay in treating weight loss patients, especially considering their expanding indications. Rather than removing coverage altogether, payers can explore solutions like integrating wellness programs that include lifestyle and dietary coaching as part of their benefits package, which may reduce the overall reliance on these high-cost medications.

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Alisha is an Associate Healthcare Research and Data Analyst on Clarivate's U.S. Market Access Insights team. She tracks and analyzes key markets and payer trends in the U.S. health insurance industry. Alisha works on the MCO Analyzer, Health Plan Analysis, PowerProfile, and Pharmacy Benefit Evaluator reports. She follows several markets in the U.S. health insurance sector and writes state-level Medicaid and Health Plan Profiles.

- **Did you know?**

Alisha completed her Pharm.D. from the Manipal Academy of Higher Education. She helps maintain the database for value-based care initiatives. Her areas of interest include health policy, formulary coverage, and VBC models.

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Amanjot Kaur joined Clarivate's Market Access Insights as an Associate Healthcare Research and Data Analyst. Amanjot works on the MCO Analyzer, Health Plan Analysis, and Pharmacy Benefit Evaluator reports. Amanjot follows several markets in the U.S. health insurance sector and writes state-level Medicaid, Health Plan, PowerProfiles, and Pharmacy Benefit Manager Profiles.

- **Did you know?**

Amanjot completed her bachelor's degree in dental surgery and then pursued a Master of Hospital Administration from Manipal Academy of Higher Education, Manipal, Karnataka. She also helps maintain the value-based care database and Employer Vantage tool.



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