MPGROUP
NAVIGATE MEDICARE TOGETHER

MP Compass

July 2024

Medicare Part D and GLP-1 Drugs

The FDA has recently approved a new use for Wegovy (semaglutide), a popular anti-obesity medication. It can now be used to reduce the risk of heart attacks and strokes in people with cardiovascular disease, who are also overweight or obese. This FDA approval marks a significant milestone because it may allow Medicare to cover Wegovy, which was previously not allowed for just obesity treatment.

Wegovy belongs to the GLP-1 (glucagon-like peptide-1) agonists category, originally designed to treat type 2 diabetes, but it has also proven effective for weight loss. To avoid confusion, it's important to note that Ozempic, which also contains semaglutide, is prescribed specifically for diabetes and is currently included on many Part D Plan formularies.

What's next for Wegovy and Medicare?

The FDA's decision opens the door for Medicare to cover Wegovy. After the FDA approved Wegovy's new application, the Centers for Medicare & Medicaid Services (CMS) issued a directive allowing Medicare Part D plans to include Wegovy in their formularies.

Since Wegovy is self-administered, its coverage will be provided under Medicare Part C plans(that included prescription drug coverage) and stand-alone Part D drug benefits.

Who can benefit from this approval?

If you're looking to use Wegovy for weight loss alone, you won't be eligible. However, if you have cardiovascular disease along with obesity or being overweight, you could benefit from this decision. This approval specifically targets individuals with established cardiovascular disease, such as a history of heart attacks, strokes, or peripheral arterial disease, who are also obese or overweight.

According to the Kaiser Family Foundation's analysis of 2020 Medicare data, about 7% of Medicare beneficiaries—approximately 3.6 million people—had both cardiovascular disease and obesity or overweight status in 2020. This makes them eligible for Medicare coverage of Wegovy. This figure might be higher with more recent data. These 3.6 million beneficiaries represent over a quarter (26%) of the 13.7 million Medicare beneficiaries diagnosed with obesity or overweight in 2020, potentially providing access to Wegovy for 1 in 4 individuals on Medicare dealing with these conditions.

Prior Authorization

All Part C and Part D plans include a prior authorization process, so obtaining approval for Wegovy may require multiple steps, and approval is not guaranteed. This process involves the prescribing medical provider detailing your medical history, which will influence the plan’s decision to approve or deny the prescription.

Another aspect of prior authorization is step therapy, where you might be required to try lower-cost medications first to see if they work, which could save both you and the plan money.

Why do plans recommend step therapy? In 2024, a monthly supply of Wegovy will cost around $1,300. On many plans, an enrollee could be responsible for 25% of this cost until they reach the catastrophic phase.

Finding a lower-cost alternative would benefit both the plan and the member by improving health outcomes while reducing out-of-pocket expenses.

Additionally, 2024 Part C and D plans established their rates without accounting for these added costs, meaning they do not have the funds available to pay for Wegovy. Since they cannot increase premiums during the year, finding the necessary funds is also not a realistic possibility.

Estimated Impact on Premiums and Out-of-Pocket Costs

If Medicare Part D plans adopt Wegovy and prescribe it to eligible individuals, the cost to the program could range from $268 billion to as much as $1 trillion, depending on various estimates. This significant expense will impact future premiums and out-of-pocket costs for beneficiaries.

How will this impact you, whether you take Wegovy or another GLP-1?

We anticipate that Wegovy and other GLP-1 medications will contribute to premium increases for Part C and Part D plans. Additionally, new provisions under the Inflation Reduction Act will also impact premiums.

For instance, there will be a $2,000 out-of-pocket maximum in 2025, down from the $3,200 maximum in 2024, due to the removal of the catastrophic phase in 2025. Overall, premiums will increase because as we require insurance companies to cover more costs, the higher the premiums and out-of-pocket expenses become.

At MP Group, one of our goals is to provide timely and relevant information on Medicare so our clients can prepare for and understand the changes that may impact their costs and benefits. We will provide another update in October, coinciding with the 2025 Annual Enrollment Period, to explain the final impact of the 2025 changes.

More From MP Group

OUR MP TEAM!

#MP On The Move!

Check us out at our MP team day! We had a great time at Harpers Ferry, where we ziplined and water rafted down the Shenandoah River. Our day was filled with fun, laughter and unforgettable memories that brought us closer as a team!

#MP TIP

Did you know that you can stop telemarketers from calling you?

Register your home phone or mobile phone on the National Do Not Call Registry to avoid receiving unsolicited calls from telemarketers. You can signup for free by visiting:

donotcall.gov

#MP Recipe Box:

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Mango Sorbet

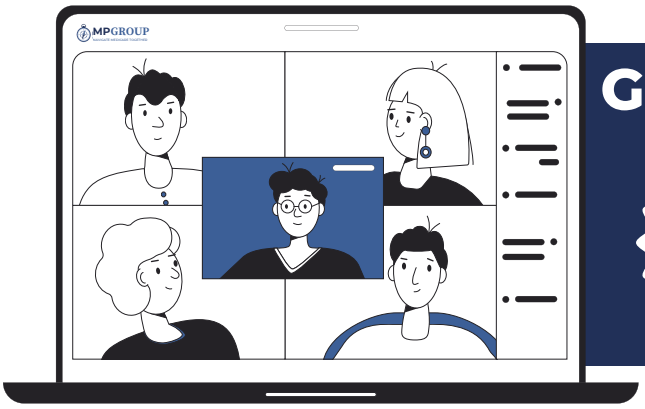
Ingredients

- 3 Mangoes
- 3 tbsp Lime juice
- Honey (optional)

Steps

- Peel and dice the mangoes.
- Freeze the mango pieces until solid.
- Blend the frozen mango with fresh lime juice until smooth.
- Add honey if extra sweetness is desired.
- Serve immediately or freeze for a firmer texture.

MP Group's Educational Events



Get Smarter about Medicare!

FREE

LIVE

Interactive

Available Upon Request

We know Medicare and we love to share our knowledge. Each webinar is designed to deliver Medicare information in a simplified and understandable manner.

New to Medicare

Medicare Basics

Topics:

- Medicare Parts A, B, C, D and Medigap
- Enrollment Periods
- Eligibility
- Medicare Costs

45 Minutes

Medicare Working Past 65

Topics:

- Dates, timelines, and actions you need to take when working past 65
- Coordination of benefits; who pays first?

20 Minutes

New and Existing Medicare Beneficiaries

Original Medicare vs Medicare Advantage

Topics:

- Differences between Medicare Advantage and Original Medicare
- How to choose which option is right for you

20 Minutes

Medicare Part D - What You Need To Know

Topics:

- How Medicare Part D plans work
- Cost of Medicare Part D
- Enrollment dates

20 Minutes

Important Phone #'s You Need To Know

MP Group - 703-214-4600

CMS - 1-800-MEDICARE (1-800-633-4227)

Social Security Administration - 1-800-772-1213