WeightWatchers
for Business

The real ROI of GLP-1 medications

Obesity and related comorbid conditions like type 2 diabetes, cardiovascular disease, and musculoskeletal concerns have been increasing in prevalence and severity in recent years. The costs of treating obesity and its related conditions are also on the rise for employers, driven by medical and pharmacy claims as well as unplanned absences and lost productivity.

New medications — glucagon-like peptide-1s (GLP-1s) — are producing exciting results for patients with obesity, including significant weight loss, improved health outcomes, and improved quality of life. Paired with intensive lifestyle and behavioral programs, GLP-1s are game-changers in the treatment of obesity.

GLP-1 medications drive both costs and savings for individuals and their employers. While the costs of GLP-1 medications are high, the costs of not addressing weight health and the conditions associated with excess weight are higher.

58%

projected obesity rate among American adults by 2035[1]

What's inside

As employers and payers grapple with balancing escalating short-term costs with the potential for long-term savings, WeightWatchers for Business partnered with Santa Barbara Actuaries to dive into the complex numbers. The resulting analysis, presented in the following pages, is the only third-party–validated GLP-1 return on investment (ROI) model for employers.

Defining ROI for weight health interventions

ROI is a fundamental business metric that's considered the gold standard for gauging the effectiveness of business decisions and making data-driven decisions about how to invest and optimize budgets.

ROI takes into account the initial investment and the time horizon to recoup the value from that investment. Healthcare interventions like covering the cost of GLP-1 medications are expensive, and the results are not instant. In the employer-sponsored healthcare space, ROI is typically defined as the financial value that's created by modifying a traditional care pathway, considering the incremental expense and effort involved. Most healthcare ROI calculations focus on the gross value created compared to other business ROIs that focus on net value.

An ROI formula for weight health management

ROI
Return on Investment

=

Financial Value Creation
Reduced Claim Expense
Increased Productivity

:

Incremental Expenses
Weight Loss Medication
Behavioral Programs

An ROI metric considers only quantifiable financial value levers. When calculating the ROI of implementing weight health management interventions, such as GLP-1 medications and behavioral programs, quantifiable financial value levers may include reduced medical claim expense and increased productivity. While extremely valuable, the impact on well-being or employee satisfaction generally can't be quantified in the ROI calculation.

Calculating ROI for GLP-1 coverage

Each organization is in a different place when it comes to making decisions about covering GLP-1 medications for treating obesity. As a result, their objectives for determining ROI are different.

Employers who are currently covering GLP-1 medications for weight loss are looking for insights to help them manage rising expenses and limit cost exposure as more employees qualify for the treatment. These employers find themselves in a more ***defensive*** position related to GLP-1s and their weight management strategy. They are looking for options to help employees optimize medications and behavioral strategies within their program, including paths to assist employees in de-escalating medication when appropriate.

At the other end of the spectrum, employers who are considering whether to cover the costs of GLP-1 medications for weight loss need to take a more ***offensive*** approach to determine ROI. These employers are seeking an ROI metric to help them understand the value they will see as employees reduce their body mass index (BMI) relative to the expenses related to providing coverage for the GLP-1 medications and behavioral weight management support.

Managing ROI assumptions

Answer two key questions. ROI results are only as good as the underlying assumptions used in the calculation.

/ 01 What supports the assumptions?

- Actual employer data when available

  Examples: Distribution of obesity by employee class, current GLP-1 utilization

- Industry averages or data

  Example: Market-scan database

- Statistics from peer-reviewed studies

  Example: Expected weight loss based on clinical trial results for a specific medication

/ 02 If the assumptions don't materialize, how will the deviation impact results?

- Think through the implications of both overperforming and underperforming the assumptions.

  Example: If employee engagement in the weight management program is higher than anticipated, the ROI could be more favorable.

“ ”

Be skeptical when you're reviewing ROI assumptions. Your results will be as good as the assumptions you set. Focus on the big picture and avoid cherry-picking results from a favorable subset of your population.

Rich Gamret, FSA, MAAA

Managing Director & Consulting Actuary

Santa Barbara Actuaries

Defensive vs. offensive ROI models

Defensive

Limit Cost Exposure from Medications

"I am already covering GLP-1 medications for weight loss. I'm seeing a rise in GLP-1 medication expenses for weight loss indication and want to limit my cost exposure."

Value-creation levers:

- Medication de-escalation
- Reduced clinical expense
- Incremental BMI reduction

Offensive

Claims Reductions Based on Weight Loss

"I am considering covering GLP-1 medications for weight loss and want to understand what value I might accrue as my population BMI improves."

Value-creation levers:

- Total BMI reduction
- Reduced absenteeism
- Reduced short-term disability

For both of these prospective ROI models, employers must make critical assumptions that will guide the calculation. Examples include estimating the overweight and obesity prevalence within the organization, the current or estimated utilization rate for the employee population, and the time frame a person is projected to be on the GLP-1 medication. In addition, it's helpful to factor in pricing details for the specific drug brand that will be involved and any available rebates that can significantly reduce medication costs.

Example:

Critical assumptions for GLP-1 ROI

Obesity Prevalence Standard CDC published rates	**GLP-1 Utilization** Tighter than FDA criteria: 5% - 5.6% of eligible across 3 obesity classes[2]	**Population Distribution** 30% BMI <27 30% BMI >=27 - 29.9
Member Cost Share Program cost based on plan thresholds	**BMI Reduction**	**Time on GLP-1**
GLP-1 Medication Wegovy	**Medication Cost** $1,349 per month for GLP-1 $16 per month for non-GLP-1	**GLP-1 Expected Rebate** 45% of list price[3]

Evaluating the defensive ROI model for GLP-1s

The defensive ROI model for GLP-1s provides insights to help employers balance the cost exposure of expensive GLP-1 medications with the value creation of improved weight health.

The primary value drivers of the ROI come from opportunities to de-escalate GLP-1s in tandem with a behavioral program. De-escalation is not for everyone, as some conditions require long-term maintenance using the medications. However, there has been notable clinical success in treating people in a maintenance phase on a different class of medication at a lower cost.[4]

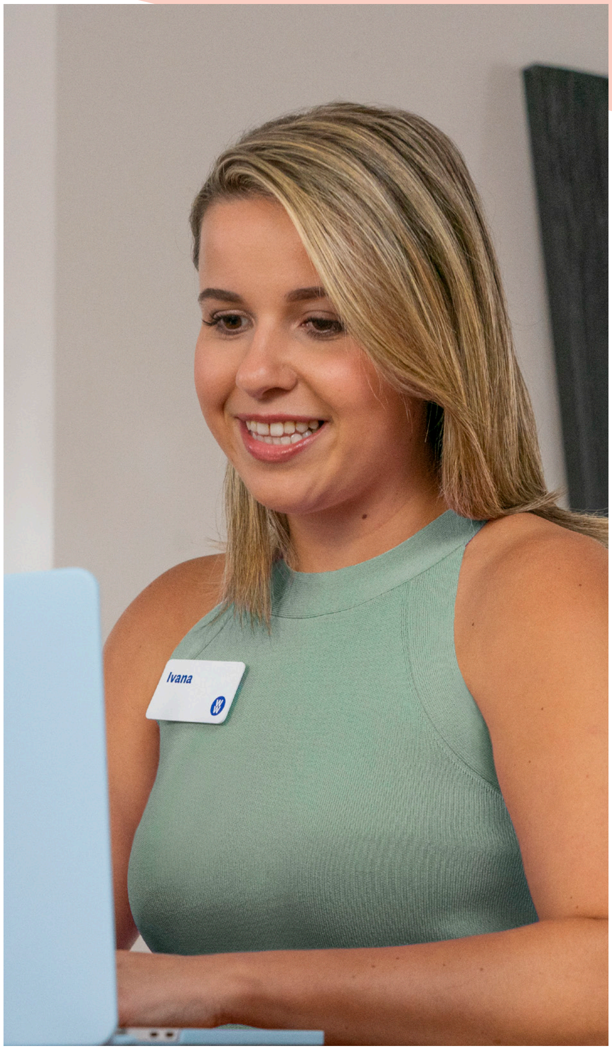
Within the defensive ROI model, options for utilization management can include:

- On-ramping with behavioral weight management programs prior to clinical treatment
- Applying a step-therapy approach using earlier-generation medications
- Limiting time on GLP-1 treatment according to clinical need
- Providing behavior change support that helps employees who are overweight to prevent obesity

It's important for employers not to take a drug-only approach for weight health. It's critical to also treat the root cause by pairing the medications with behavioral programs before, during, and after the clinical treatment plan.

Evaluating the offensive ROI model for GLP-1s

An offensive ROI model for GLP-1s helps employers evaluate the costs of covering the medications. The most significant value driver is the potential savings on future claims costs related to improved weight health.



Utilization management options are similar to the defensive ROI model, with savings generated from:

- Medical and pharmacy claim reductions from weight loss
- Reduced absenteeism
- Short-term disability claim reductions among higher-risk population

The offensive ROI model typically requires a longer time frame because it takes significant weight loss to bend the cost curve. For example, consider an offensive ROI calculation using the WW for Business program and including utilization management options of on-ramping with a behavioral program, applying a step therapy approach to medication, limiting time on GLP-1s, and providing ongoing behavioral support in place. In this example, achieving a 1:1 — or break-even — ROI would take three years.

Example:

3:1 and 2:1 ROIs are achievable over a 2-year time frame

A defensive ROI model summary for employers implementing WeightWatchers for Business as their weight health platform:

Employer's Objectives	• Minimize cost exposure of GLP-1 medications for weight loss • Offset the costs of GLP-1 medications
Value Drivers	• Primary savings from de-escalation of GLP-1 medications
Utilization Management	• On-ramp with behavioral programs prior to a clinical treatment plan • Medication step therapy • Limited time on GLP-1 treatment as appropriate • Behavior change support for overweight and obesity
WeightWatchers for Business	• Monthly subscription fees (Core, Premium, or Clinical)
ROI	• 3:1 or 2:1 over a 2-year time frame • The results vary by population size, medication type, utilization management thresholds, and member co-pay levels

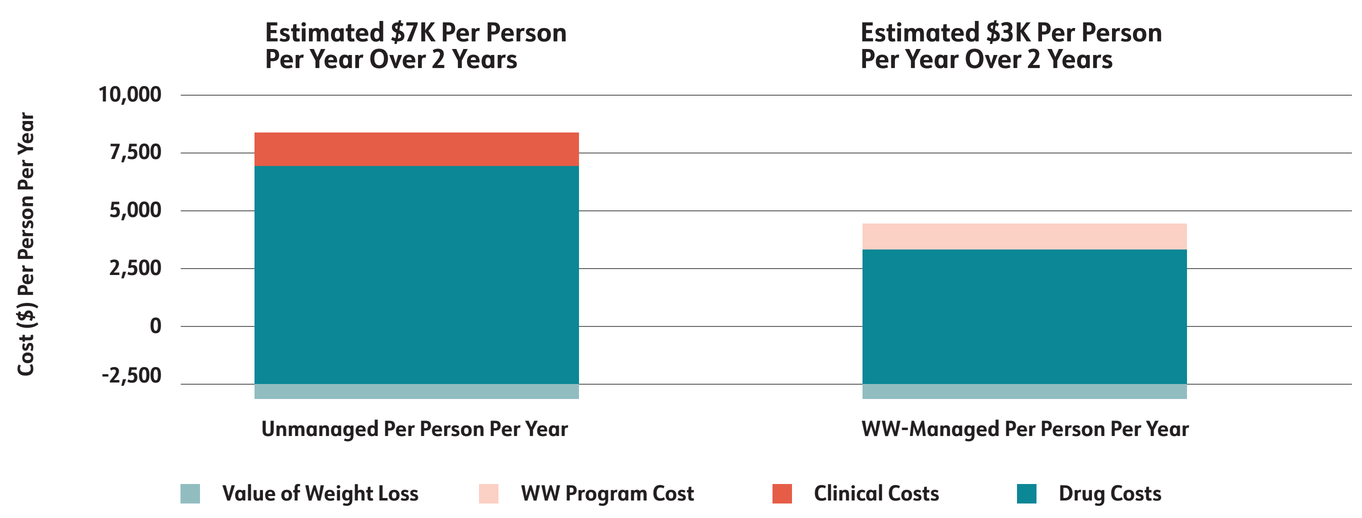
The ROI model outlines the value of implementing a managed strategy compared to taking an unmanaged approach. **Covering medications for the treatment of obesity without a managed program is 2X more costly over a two-year period.**

A managed program, like the one offered by WeightWatchers for Business, provides employers with:

- Greater clinical efficiency
- Medication cost savings based on de-escalation and step therapy
- Medication use based on appropriate indication

Managed vs. unmanaged care

The costs of doing nothing are high. Taking a managed approach to weight health and the conditions associated with obesity can cut costs by half.



Optimizing cost controls and cost savings

Realizing a positive ROI for a weight management program takes time, typically starting at around the two-year mark for a defensive ROI model and at three years for an offensive model. When calculating the ROI and evaluating results, it's important to look at both cost control and cost-saving opportunities.

On the cost control side of the equation, consider:

- Options to take a step-therapy approach for appropriate access to medications
- Tying engagement to access by requiring behavior change program adherence for prescription and refills
- De-escalation strategies to shorten the duration of the medications or shift to lower-cost options

For cost savings, track:

- Clinically significant outcomes that reduce high-cost claims tied to obesity and related conditions
- Reduced absenteeism demonstrated by fewer missed workdays and increased productivity
- Increased employee engagement and satisfaction

As GLP-1 medications continue to evolve, employers have an opportunity to optimize outcomes while managing costs. Taking a strategic approach to weight health can have a positive impact on employee health and the company's bottom line.

Learn more about WeightWatchers for Business

WeightWatchers for Business is a full-spectrum weight health platform providing individualized Pathways™ and experiences based on true clinical need.

Our platform is built upon the most science-proven weight management behavioral program, and includes the following:

- Intensive, individualized behavioral programs (condition- and medication-specific)
- Virtual clinic and medication management
- Scalable coaching and communities
- Integrated personal health insights

Our goal as your organization's weight health care partner is to responsibly maximize cost control while improving the long-term health of your people.

ww.com/forbusiness

WeightWatchers for Business

Source: "The Real ROI of GLP-1s" webinar, presented by Santa Barbara Actuaries and WeightWatchers for Business, September 28, 2023.

[1] World Obesity Atlas 2023, World Obesity Federation, March 2023.

[2] Barclay's Report, 2023.

[3] Rebates average 30%-50% of medication price.

[4] An observational study among 157 WW Clinic members who switched from a second-generation GLP-1 medication to bupropion, naltrexone, or metformin and we assessed their weight loss 13 weeks later.