KEY POINTS

The Rise of GLP-1s:
Cost, Expanding Use, and Impact on Private Health Insurers

Glucagon-like peptide-1 receptor agonists (GLP-1s) were first introduced in 2005 with the FDA approval of exenatide (Byetta) for the treatment of type 2 diabetes. They have offered an effective option for patients for two decades now and have seen increasing use in weight management. This effectiveness in lowering blood sugar levels and supporting weight loss has led to a growth in demand in recent years. However, with rising costs, expanding off-label use, and increasing prescriptions, these drugs present both opportunities and challenges for private health insurers.

The Growing Demand for GLP-1s

GLP-1 receptor agonists such as semaglutide (Ozempic, Wegovy) and tirzepatide (Mounjaro, Zepbound) have demonstrated significant benefits for type 2 diabetes, improving glycaemic control and reducing cardiovascular risks. Their ability to induce weight loss has also fuelled interest in obesity management. While clinical trials have highlighted these advantages, there are concerns over side effects, primarily gastrointestinal issues. Cardiac patients must also exercise caution due to potential effects on heart rate and hydration status.

The rising demand has driven increased prescriptions, particularly for weight loss, with some markets experiencing shortages. The growing enthusiasm has also expanded their off-label use for conditions such as polycystic ovary syndrome (PCOS) and metabolic syndrome, further exacerbating affordability and access concerns.

Market Adoption and Cost Considerations

The global GLP-1 receptor agonist market is valued at approximately USD 53.46 billion in 2024 and is projected to grow at a compound annual growth rate (CAGR) of 17.46% from 2025 to 2030.

- **United States:** Novo Nordisk reports that Wegovy has secured insurance coverage for 55 million obese Americans and has launched in over 15 countries.
- **Europe:** Market expansion is supported by increased research and development investment.
- **Asia-Pacific:** Expected to experience the fastest growth due to rising diabetes and obesity rates and higher healthcare spending.

Cost remains a significant barrier to adoption. In the US, the annual cost of these medications can reach $13,000. In China, Novo Nordisk has priced Wegovy

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at 1,400 yuan ($193) per month for the starter dose, significantly lower than in the US. The entry of generic versions, particularly from Indian pharmaceutical companies, could drive a price war that improves access.

Expanding Use and Customer Expectations

Off-label use of GLP-1s is increasing as patients and providers explore their potential benefits beyond diabetes and weight loss. Early research suggests potential applications in conditions such as Alzheimer's disease, addiction disorders, and broader cardiovascular health.With rising demand comes increased customer expectations. Patients and healthcare providers increasingly view GLP-1s as long-term solutions for managing weight and metabolic health rather than short-term interventions. This puts insurers under pressure to expand coverage beyond diabetes.

This shift raises ethical and financial considerations. Should insurers cover these drugs for weight loss when obesity is often considered a lifestyle-related condition? How should they balance the needs of diabetic patients against those seeking GLP-1s for other purposes? Additionally, the proliferation of compounded GLP-1s, driven by high costs and shortages, raises regulatory concerns over safety, efficacy, and compliance. As regulatory discussions continue, insurers must navigate these challenges carefully.

The Impact on Private Health Insurers

Private health insurers must address several challenges as GLP-1 demand grows:

1. **Cost Management** – Insurers must determine sustainable coverage strategies, including reimbursement limits, step therapy, or price negotiations with pharmaceutical companies.

2. **Coverage Policies** – Clear policies must be established on whether GLP-1s will be covered solely for diabetes or also for obesity. Restrictions based on BMI or other health indicators may be considered. Insurers must also address compounded GLP-1s, including coverage exclusions and fraud risks.

3. **Balancing Demand with Supply** – With supply shortages, insurers must ensure priority access for those with the greatest need, such as diabetic patients. Fair distribution strategies may be required.

4. **Managing Long-Term Use** – Unlike traditional weight-loss interventions, GLP-1s require continuous use for sustained results, raising affordability concerns. Long-term industry strategies will be needed as customers switch health plans.

5. **Regulatory and Ethical Considerations** – The off-label expansion of GLP-1s raises questions on coverage for emerging indications. Insurers must decide whether to cover these drugs based on early research or wait for formal approvals. Additionally, insurers must address disparities in access to ensure lower-income patients are not disproportionately excluded.

Looking Ahead

The rise of GLP-1 receptor agonists is transforming diabetes care and obesity management. While these drugs offer clear and potentially groundbreaking benefits, their cost, expanding indications, and high demand create challenges for private health insurers. Managing these issues will require careful policy decisions, cost strategies, and ongoing engagement with healthcare providers, regulators, and patients.

Projections suggest that the global GLP-1 receptor agonist market could reach USD 91.53 billion by 2035, growing at a CAGR of around 12.4%. Insurers must remain flexible, aligning coverage policies with medical advancements and financial realities. Balancing affordability, accessibility, and long-term sustainability will be critical to managing GLP-1s within private healthcare systems.

Key Resources:

Read more on the rising costs of GLP-1 drugs:
International Healthcare Cost Comparison Report 2024

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