

Actuarial Considerations of GLP-1s

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Agenda

- Background on GLP-1s
- Actuarial Implications of GLP-1s
- Evernorth's EncircleRx Solution

GLP-1s are trending...

 **Elon Musk**   
@elonmusk

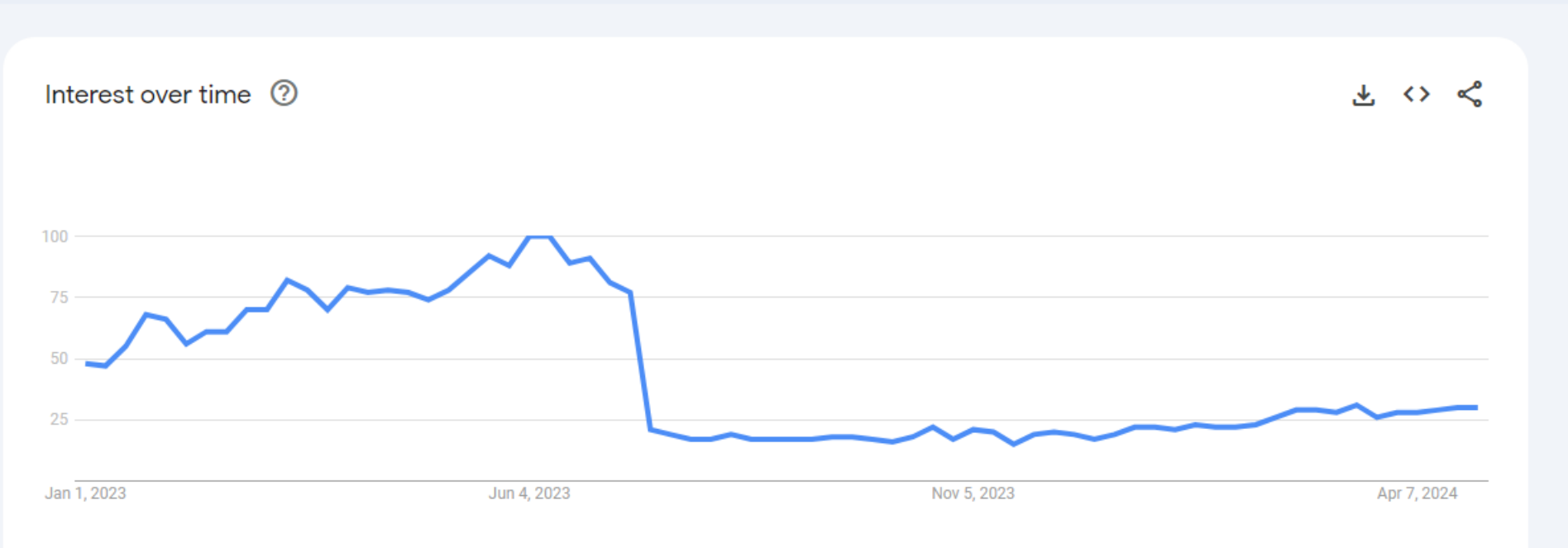
Semaglutide actually works

1:46 AM · May 12, 2023 · 3.2M Views

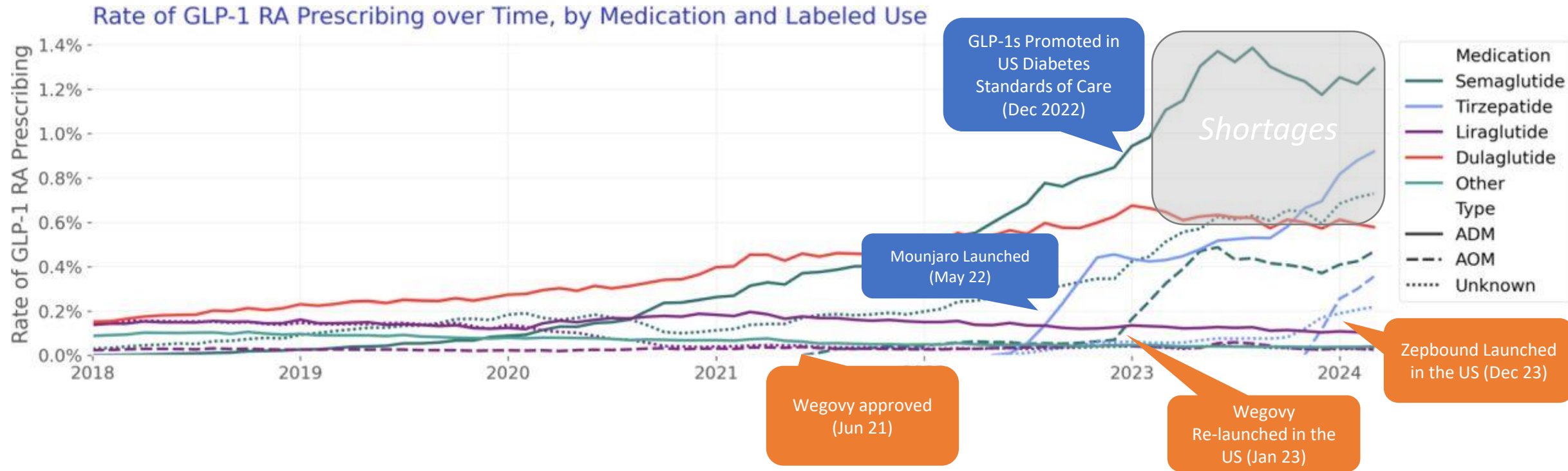
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● Semaglutide
Medication

United States ▼ 1/1/23 - 5/1/24 ▼ All categories ▼

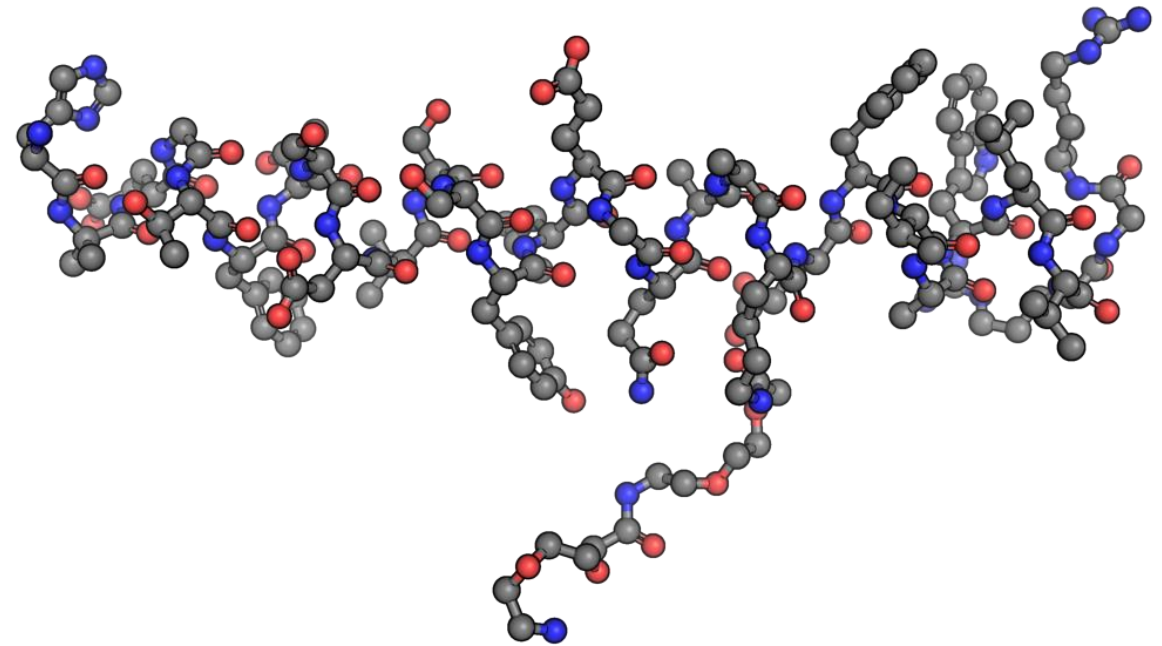
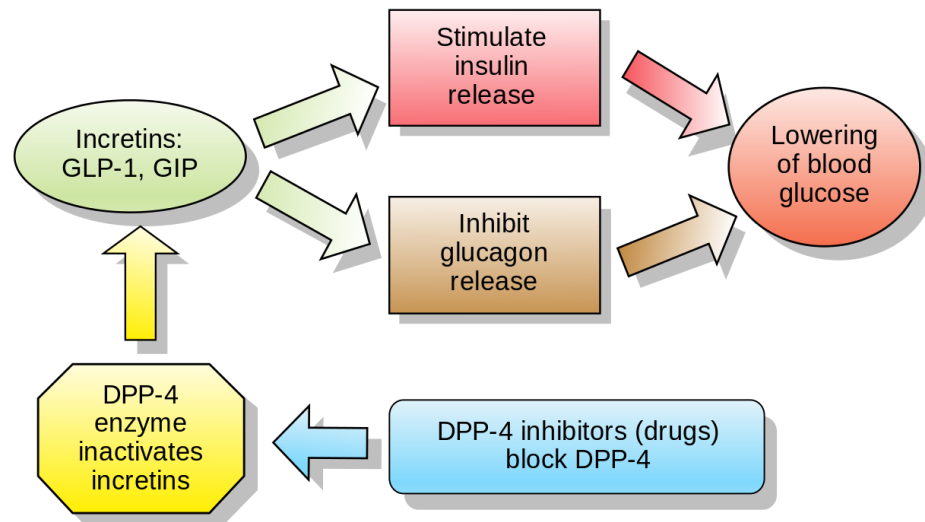


GLP-1s are trending...



GLP-1s – How do they work?

- Glucagon-like Peptide 1 (GLP-1s) are hormones produced in the gut and released in response to food, they cause reduced appetite and a release of insulin
- GLP-1 receptor agonists (e.g. Ozempic) mimic the action of this hormone



Semaglutide (Ozempic/Wegovy)

GLP-1s – How do they work?



Overview of GLP-1s

Indication	Diabetes						Weight-Loss			
Manufacturer	AstraZeneca		Novo Nordisk			Eli Lilly		Novo		Lilly
Brand Name	Byetta	Byderon BCise	Victoza	Ozempic	Rybelsus	Trulicity	Mounjaro	Saxenda	Wegovy	Zepbound
Active Ingredient	Exenatide	Exenatide Extended-Release	Liraglutide	Semaglutide	Semaglutide	Dualglutide	Tirzepatide	Liraglutide	Semaglutide	Tirzepatide
Year Approved	2005	2017	2010	2017	2019	2014	2022	2014	2021	2023
WAC per Mo. (est.)	~\$900	~\$900	\$544 (2), \$815 (3)	\$968	\$968	\$977	\$1,069	\$1,349	\$1,349	\$1,060
Route	Self-Admin Injection	Self-Admin Injection	Self-Admin Injection	Self-Admin Injection	Oral	Self-Admin Injection	Self-Admin Injection	Self-Admin Injection	Self-Admin Injection	Self-Admin Injection
Avg. % Weight-Loss	~1.5%	~1.5%	~5%	~15%	~5%	~5%-10%	~20%	~5%-10%	~15%	~20%

Market Economic Impacts

Health Plans
Pricing Risk (~Neutral)

PBM's
Volume Seen as Positive

Pharmacies
Neutral to Unfavorable
Margin Impacts

Other Industries (Fast Food, Airlines, Etc.)?

GLP-1s – Actuarial Considerations

Utilization

- Eligible Population (Weight-loss vs. Diabetes)
- % Taking Medication
- Persistency, Length of Therapy
- Indication Expansion
- Route of therapy (oral vs. injection)
- Pipeline
- Drug mix
- Supply
- Media Attention
- Clinical Guidelines/Best Practices (ADA)
- Impact to other healthcare costs

350M in US in
2030
X 30% - 40%
population eligible
X 15% adoption
X \$500 per month
= **\$100B+ Market**

Unit Cost

- Rebates
- Channel Economics
- Competition

Coverage

- Employer Choice
- State/Federal Mandates

Risk

- Selection Risk (Pent Up Demand, Age/Gender Mix)
- Implications to Risk Adjustment

<https://www.goldmansachs.com/intelligence/pages/anti-obesity-drug-market.html#:~:text=They%20estimate%20that%20about%2015,US%20obese%2Foverweight%20adult%20population.>

<https://www.jpmorgan.com/insights/global-research/current-events/obesity-drugs>

EncircleRx: Cardiodiabetes

- Provides plans more optionality in managing GLP-1 spend
- Brings Enhanced Controls:
 - Higher BMI requirements with consideration for documented comorbidities
 - Enrollment in a Lifestyle Modification Program
 - Clinical Documentation of Diabetes
- Financial Guarantees w/ a Flat PMPM fee:
 - 15% cost cap on weight-loss spend for clients who cover weight-loss today (year 1 only)
 - 3:1 Savings Guarantee for weight-loss and/or diabetes