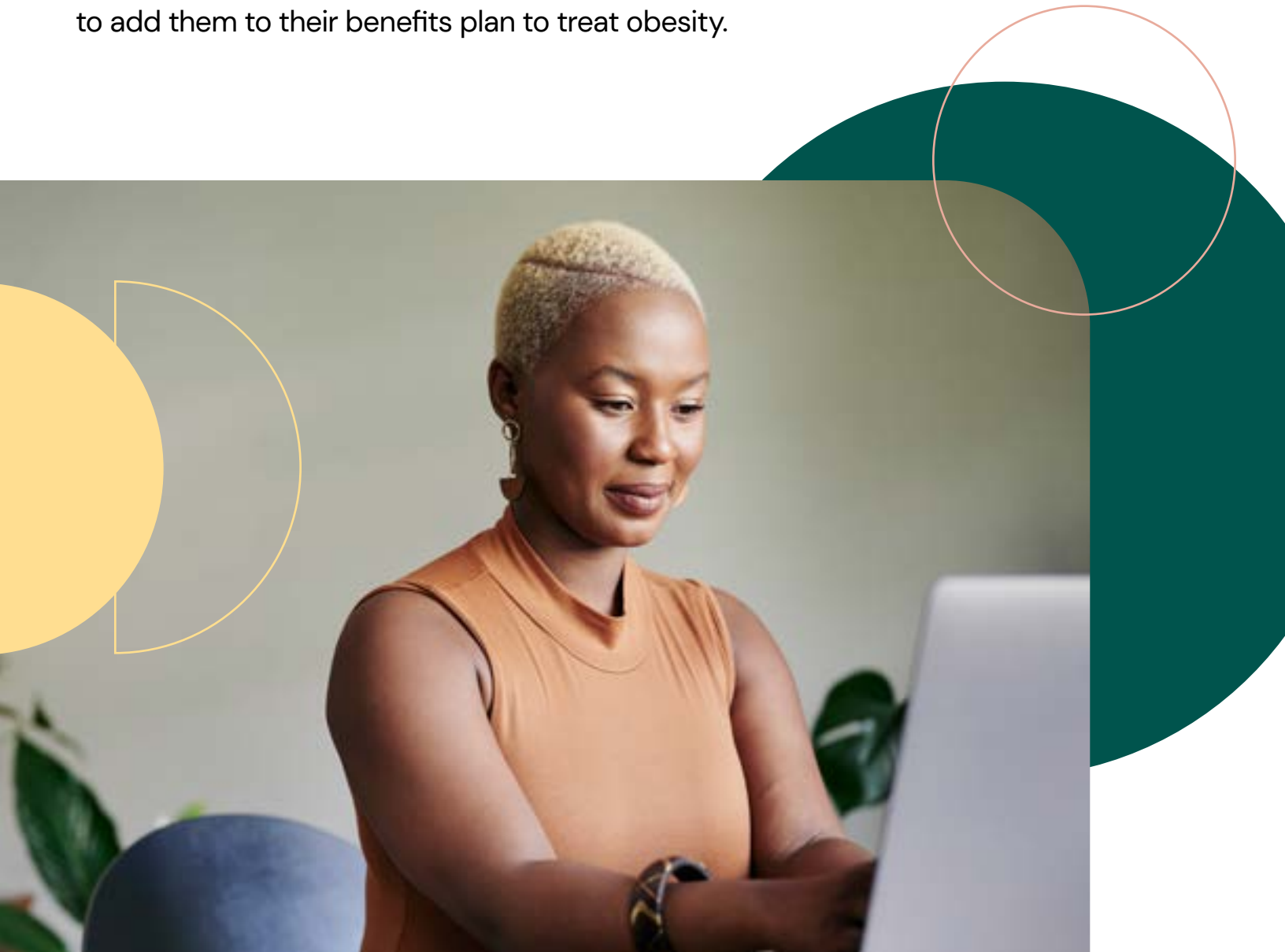


EMPLOYEE HEALTH TRENDS

How employers view the weight-loss medication tsunami

If 2023 has been the year of fierce consumer demand for GLP-1s* such as Ozempic®, Wegovy®, and Mounjaro™ reaching a tipping point into mainstream awareness and demand, then we predict 2024 to be the year benefits planners seriously evaluate whether to add them to their benefits plan to treat obesity.





A note from Accolade's associate chief medical officer

GLP-1 medications are revolutionizing the management of chronic conditions like diabetes and obesity. The recent FDA approval of the weight loss drug Zepbound™, a new version of the diabetes drug Mounjaro, is a testament to this progression. These dual-action medications stimulate insulin production and slow gastric emptying – effectively controlling blood sugar levels and promoting weight loss with mostly tolerable and mild side effects. However, as we look forward to 2024 with Zepbound's approval, it's crucial to understand how employers are considering coverage for GLP-1s. Despite these advancements, it's imperative to recognize that these medications are not a catch-all solution. Personalized treatment plans remain vital to optimal patient outcomes.

Accolade surveyed HR decision-makers to understand sentiment about GLP-1s for use in metabolic health, including adoption rates, intent to adopt, and key decision-making factors. A surprise finding – a quarter of employers are already covering GLP-1s for weight loss, and 43% of employers not currently covering GLP-1s say they will likely include them in medical plans next year.

We stand on the cusp of a significant shift in employer health benefits. This report explores the cost implications, the demand for more information from trusted sources, and the overall sentiment toward GLP-1 coverage for weight loss among HR decision-makers. Drawing on data we uncovered from our extensive survey, we'll take you through the current landscape and future projections for GLP-1 coverage in employer plans.

Our belief is firm in the critical role of comprehensive physician-led care and the essential nature of forward-thinking care plans. We do more than simply prescribe – we chart a path forward. Those prescribed GLP-1s for weight loss are treated as individuals with unique needs and circumstances. Understanding these dynamics is crucial for any organization looking to optimize its benefits package and position itself as an employer of choice in an increasingly health-conscious world.

A handwritten signature in black ink, reading "James Wantuck". The signature is fluid and cursive, with a large, sweeping initial "J".

James Wantuck, MD,
Accolade associate chief medical officer



Weight loss is a personal decision. Why should employers be involved?

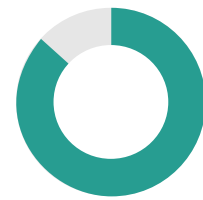
Losing weight is a deeply personal journey driven by motivations for better health and self-image. For the 42% of Americans affected by the chronic health condition of obesity, medical care plans typically call for weight loss as the next step in managing the condition and preventing co-morbidities such as diabetes and heart issues.^{1,2,3} The rise in popularity of GLP-1 medications for weight loss is creating a national dialogue where personal health, medical application, population health, and health policy converge.

Employers, as providers of health insurance and benefits, sit at the crux of the national dialogue. Obesity is a significant health and business challenge because it impacts bottom lines through escalated healthcare costs and reduced productivity. Employees with obesity have a higher risk for heart disease, diabetes, and cancer and are more likely to take sick leave or disability leave.⁴ Nationally, it's estimated that obesity and related health conditions cost the U.S. \$1.7 trillion — 9.3% of the GDP — in healthcare expenses.⁵

Eighty-one percent of the HR decision-makers we surveyed believe employees would be interested in GLP-1s, but tension emerges with the many decision points. HR decision-makers are looking to balance the high price tag — GLP-1 drugs can cost hundreds or even thousands per month — and the number of employees who may be eligible for prescriptions with the potential benefits of addressing obesity as an upstream health condition for their employee population.

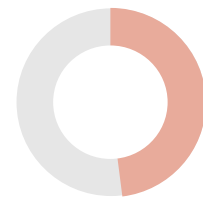
GLP-1s are a matter at the intersection of benefits strategy and financial stewardship. Employers want to support employee well-being while managing pharmacy and healthcare budgets. And they want to feel confident that GLPs used for weight-loss are backed by trusted sources such as doctors (70%), medical organizations or publications (62%), or government entities (47%).

Employer sentiment at a glance



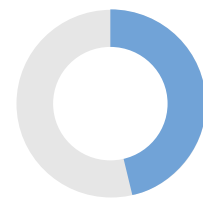
81%

believe their employees would be interested in GLP-1s and they would enhance benefit offerings



48%

who don't cover GLP-1s cite the lack of trustworthy information and perceived high-cost



43%

not currently covering GLP-1s say they will likely include in 2024



25%

of employers currently cover GLP-1s



Contemplating GLP-1 coverage

According to our survey, 78% of HR leaders recognize the potential role of GLP-1s in managing obesity and 43% say they are likely to include GLP-1 medications in their health insurance plans in 2024. Furthermore, 95% report that FDA approval of certain GLP-1s for weight loss is critical as they consider including them in their medical benefits. (At the time of this report's publication, Zepbound, a new version of the diabetes drug Mounjaro, has been approved for weight loss, joining Wegovy, and Saxenda[®].)

However, they also seek more scientific backing and information from trusted sources before making definitive decisions. As of September 2023, most HR decision-makers (74%) would wait up to a year for more information before deciding whether to incorporate GLP-1s into their company's health plans.



Top barriers to covering GLP-1s

57% of employers reported not considering GLP-1 coverage for weight loss, citing concerns such as low usage, high costs, and lack of research.

- **Bridging the information gap**
A considerable 48% of employers highlight a lack of information about the diverse uses of GLP-1s.
- **Tackling the cost factor**
Roughly 38% deem the integration of GLP-1s into their healthcare plan too costly.
- **Addressing resource constraints**
For 33% of employers, resource limitations present a challenge.
- **Filling the federal research deficit**
The absence of government research worries 27% of employers.
- **Countering peer influence**
18% of employers hesitate because they don't see their peers incorporating GLP-1s into their plans.
- **Pioneering beyond government plans**
The lack of obesity medications in government plans discourages 14% of employers.
- **Correcting perceived interest**
11% of employers believe no one at their company would be interested in obesity medication coverage.

These concerns underscore HR decision-makers need for clear, concise, and comprehensive information about obesity medications.

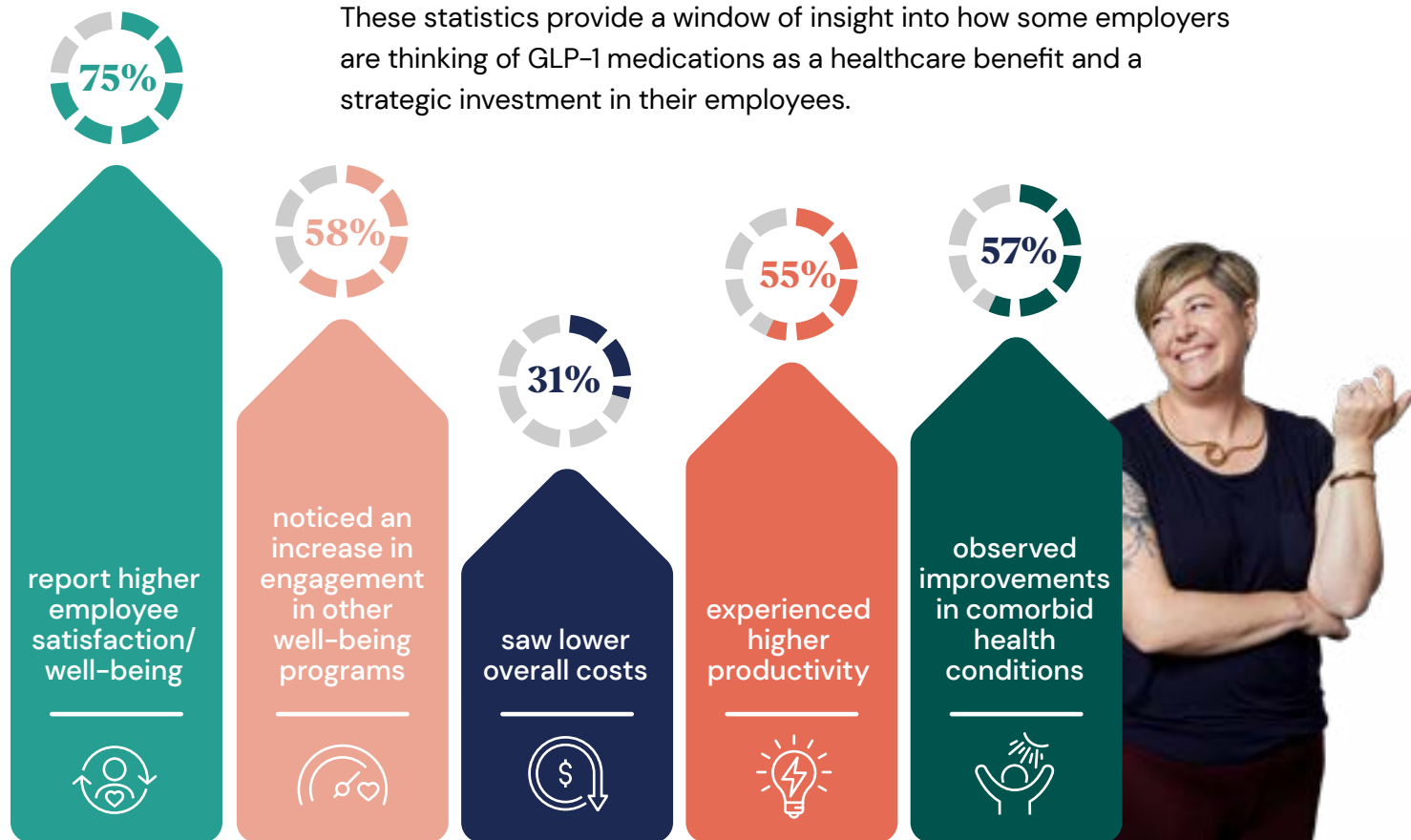


Top reasons GLP-1's could be a strategic investment

Of the 25% of employers who offer coverage of GLP-1 medication for obesity, nearly all (99%) plan to continue doing so, attributing their decision to increased employee satisfaction. These companies have reported multiple benefits, painting a promising picture of the positive impact of integrating GLP-1 medications into their healthcare plans.

The positive impact of incorporating GLP-1s

These statistics provide a window of insight into how some employers are thinking of GLP-1 medications as a healthcare benefit and a strategic investment in their employees.



Our survey of 500 HR benefits leaders reveals a potential shift in healthcare coverage. Despite only 30% of employers reporting obesity medication coverage and just 25% covering GLP-1s to treat obesity, change is imminent. 4 in 10 are considering adding GLP-1 medications to treat obesity to their company's health insurance plan, recognizing the importance of comprehensive healthcare coverage. However, concerns persist. Low usage, high costs, and insufficient research deter 57% from including obesity medications in their plans.



Four key insights from the research

- 1 Employers believe GLP-1s will positively impact employee well-being and overall company health**

25% of employers covering GLP-1s have seen firsthand the potential benefits for employee well-being and company health. 79% believe GLP-1s will positively impact their employees' long-term health, while 77% think these medications contribute to a more robust health insurance package.
- 2 More research is needed before most employers commit to GLP-1 coverage**

There's a palpable thirst for knowledge among HR decision-makers, with 74% waiting for more information. They're inclined to wait another year to observe any significant benefits or side effects of GLP-1s. And their most trusted sources for this information? Doctors and medical organizations/publications.
- 3 Disparity exists in GLP-1s usage understanding among employers**

There's a significant disparity in understanding the usage of GLP-1s. While 78% of HR leaders are aware of these medications, their understanding of what they are used to treat varies based on whether they currently cover obesity medications or not. Specifically, those covering such medications have a higher understanding of what conditions GLP-1s are prescribed to treat compared to those interested in covering them or those with no interest.
- 4 The future of GLP-1s in employer healthcare plans looks promising**

With 43% of companies likely to offer GLP-1 coverage for weight loss in 2024, it's clear that the perceived benefits are making an impact. As more employers recognize the potential of these medications, we can expect to see GLP-1 coverage becoming an integral part of the benefits plan landscape by 2025.



Accolade's strategy to transform members' weight-loss journeys

We're committed to helping employees understand the gamut of healthcare solutions. Our focus isn't on endorsing GLP-1s but rather on guiding employers toward understanding their role in the care continuum of treating obesity. Our strategy involves a personalized, comprehensive metabolic healthcare plan. If an employer decides to include GLP-1s as part of their health benefits package, we advocate for a physician-led approach that ensures the right candidates receive these medications and that they are integrated into a holistic health approach.

Accolade's unique value proposition lies in access to physicians and care advocates, guiding employees in making informed health decisions, and providing an unmatched resource for managing their health and well-being.

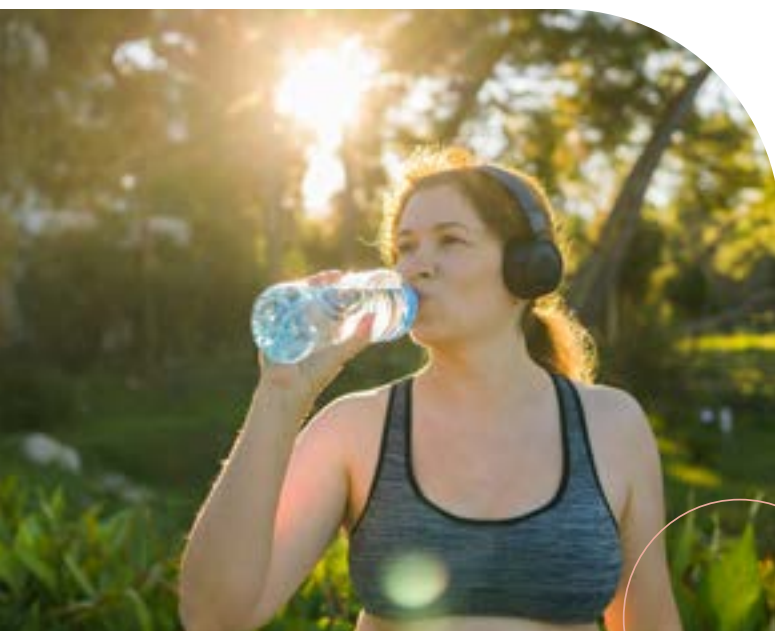
Our recommendations to HR decision-makers who decide to move forward with adding GLP-1s for weight loss to their health benefit plans:



- Implement comprehensive evaluations for appropriate prescribing by medical professionals.
- Adopt a metabolic population health strategy to optimize GLP-1s effectiveness as a pharmaceutical component of an overall care strategy and to manage cost.

The perspectives of HR decision-makers on GLP-1s are as diverse as they are nuanced. There are reservations, but also a strong openness to explore options. Going forward, the key will be to equip decision-makers with the information and support they need to help alleviate the tension between cost and care to ensure they make the best choices for their employees and organizations. And Accolade stands ready to help.

Contact us to learn how Accolade can help navigate the GLP-1 landscape.



About this report

This report is based on research conducted in August and September 2023 by Accolade and research firm Savanta. More than 500 HR decision-makers from U.S.-based medium and large businesses from various industries were surveyed to understand the sentiment and adoption of GLP-1 medications within their employee healthcare plans.

Accolade commissioned Savanta to conduct quantitative research among human resource decision makers, 25 years and older, whose company offers health insurance and has 100 or more employees. The Survey asked questions about obesity medication coverage, GLP-1 coverage to treat weight loss, awareness of GLP-1 medications, and the feasibility of covering GLP-1s in the future.

Survey respondents included:

- 500 U.S.-based HR benefits decision-makers
- 61% women vs. 39% male
- Average age between 30-49
- 47% are the sole decision-makers for their company



SOURCES:

Savanta. (2023) GLP1-Employer Healthcare Thought Leadership. Internal Accolade document.

1. <https://www.tfah.org/report-details/state-of-obesity-2022/>

2. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5497590/>

3. <https://www.rethinkobesity.com/disease-progression/comorbidities-of-obesity.html>

4. Centers for Disease Control and Prevention, "Consequences of Obesity," July 15, 2022.

5. <https://milkeninstitute.org/report/americas-obesity-crisis-health-and-economic-costs-excess-weight>

6. <https://apnews.com/article/weight-loss-mounjaro-wegovy-tirzepatide-9718480e110eace3e91e0a2bc5e536>

* Glucagon-like peptide 1 agonists

