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Patients Lose Access to Weight-Loss Drugs as Employers Stop Coverage

To rein in spiraling spending, employers are discontinuing reimbursement or placing new limits on who is covered

By [Jennifer Calfas](#) [Follow](#)

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Employers that embraced paying for weight-loss drugs are now reckoning with the high costs, forcing growing numbers to dial back or cut off their reimbursement because they can't afford it.

The companies are putting in place restrictions such as limiting use to workers with high body-mass indexes, or a \$20,000 cap, while others have eliminated coverage altogether. They can't sustain the spending, they say, and question whether the medications are reaching the right patients.

Jason Krynicki's health plan discontinued coverage of his Wegovy prescription Feb. 1, forcing him to tap in to his retirement savings to pay for the medicine.

Krynicki, a bariatric insurance coordinator in the RWJBarnabas Health system in New Jersey, lost 47 pounds in less than a year from taking the drug. It cost him \$25 a month out of pocket before his coverage ended. Now, he says, his monthly tab surpasses \$1,000.



“It’s just not fair,” said Krynicki, 41, a board member of the advocacy group Obesity Action Coalition. His health plan’s drug-benefits manager rejected his appeal, he said.

RWJBarnabas Health stopped covering the drugs for weight loss, but not diabetes, because a significant percentage of employees were dropping use prematurely and gaining back weight they had lost, a spokeswoman said.

Another factor: cost. “RWJBarnabas Health is not alone in making this decision. Many employers have terminated coverage for weight loss

Purdue University limits coverage to employees with a BMI, or body-mass index, of at least 30, or of at least 27 with another health condition. Workers must also lose about 5% of their body weight after three months to continue usage.

Yet use of the drugs for obesity and diabetes doubled between 2022 and 2023, and the weight-loss therapies accounted for about 2% of the university’s total health-plan spending last year, said Candace Shaffer, associate vice president of benefits and payroll. The school is now considering adding more restrictions, she said.

One option is requiring employees to get prescriptions from the employer clinic—which also provides nutrition, wellness coaching and mental-health counseling.

“Everyone is learning as we go,” Shaffer said.

Weight-loss drugs such as Wegovy and Zepbound are among the hottest prescriptions in the U.S., so popular that makers Novo Nordisk and Eli Lilly can’t meet demand. But the drugs list for more than \$1,000 a month.

Employers budgeted a 5.2% increase in health-plan budget costs for 2024 in part due to demand for the medicines, according to a recent survey from health-benefits manager Mercer. The drugs had helped fuel an 8.4% bump in employer pharmacy benefit costs in 2023.

The added spending is proving too much for some businesses.

The Mayo Clinic added a lifetime cap of \$20,000 in spending on these drugs beginning Jan. 1, while North Carolina’s health plan for state employees recently decided to eliminate reimbursement for GLP-1s for weight-loss beginning in April.

North Carolina saw use of the drugs, which were initially approved to treat diabetes, increase sevenfold since 2021. “Just in a very short period of time, we’re going to spend more on this drug than we did cancer treatments last year,” State Treasurer Dale Folwell said.

The state looked at restricting who qualified for coverage, but then it wouldn’t have gotten manufacturer rebates, Folwell said, and decided to drop reimbursement altogether.



Wegovy and other weight-loss drugs are among the hottest prescriptions in the U.S. PHOTO: HANNAH BEIER/REUTERS

A Novo Nordisk spokeswoman said North Carolina’s decision to end coverage was irresponsible, and said obesity and conditions that are related to it drive up healthcare spending. Both Novo and Lilly urged broader coverage of their drugs.

The popularity—and effectiveness—of the medicines has put employers in a bind. They want to add medicines that improve employees’ health—which could reduce long-term spending—and could help recruitment and retention.

Yet the high prices, seemingly indefinite use and appropriateness for some patients who may just want to shed a few pounds has given employers pause.

Rosa Novo, the administrative employee benefits director for Miami-Dade County Public Schools, wants to add coverage to the district’s plan next year but is trying to figure out how to afford it.

Novo said she is hoping the right combination of rebates from manufacturers and criteria for employees like prior authorization could provide a solution. The school district is projected to spend \$441 million on its annual health plan. She said she hasn’t been able to estimate how much coverage would cost.

“We want to be cautious,” she said.

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