Alberta Doctors' Digest

Adding medications to insurance formularies

In health care, few decisions carry as much weight and scrutiny as the choices made by insurance companies when deciding which medications to include in their formularies.

As these insurers navigate the delicate balance between providing the best care for their plan members and controlling costs, adding new drugs can be a double-edged sword. There is one medication that has reignited this debate: Semaglutide.

Semaglutide's game changing potential

Semaglutide, a glucagon-like peptide-1 receptor agonist (GLP-1 RA), has quickly emerged as a popular drug for managing type 2 diabetes and obesity. Semaglutide mimics the actions of a hormone known as GLP-1, naturally produced in our intestines. It curbs appetite by signaling to the body that we are satiated and encourages our stomachs to empty more gradually.

Semaglutide improves glycemic control in diabetics, and for those grappling with obesity, it has demonstrated significant weight loss effects in clinical trials. It has some significant gastrointestinal side effects but overall seems well tolerated.

What's the issue here? Typically, Semaglutide prescriptions range from $200 to $300 for a monthly supply (equivalent to four doses). The problem is that most insurance plans do not offer coverage of Semaglutide for weight loss.

Cost considerations

The cost is the most significant hurdle to adding a medication like Semaglutide to an insurance formulary. Semaglutide is a costly option. It's one of the more expensive drugs on the market, with a price tag that may send shockwaves through an insurer's budget. Cost projection analysis predicts that the public plans would need to budget anywhere from $4,138,911,478 to $676,362,279 over three years for coverage of Semaglutide. If patients start Semaglutide, they may require it for years, potentially adding a considerable financial burden.

Balancing the promise of improved patient outcomes with the economic reality is a challenging task. The Canadian Agency for Drugs and Technologies in Health (CADTH) provides advice and recommendations on whether a drug should be covered by publicly funded formularies (federal, provincial, territorial). CADTH takes input from multiple stakeholders, drug companies, clinicians, and patients after which it provides a cost-effective analysis of the drug in question. As per CADTH, the cost-effectiveness ratio for Semaglutide for weight loss was $204,928 per QALY (quality-adjusted life year). Treatments are generally cost-effective at a $50,000 per QALY threshold.

In other words, do the benefits of weight loss in terms of an improved quality of life, extended lifespan, and societal advantages outweigh its costs? As per CADTH, Semaglutide did not meet the criteria for cost-effectiveness.

Changing clinical data

It's important to note that the institute's assessment relied on earlier trial data. In August 2023, a large clinical trial demonstrated that Semaglutide can effectively decrease the likelihood of heart attacks, strokes, hospitalizations due to heart failure, and fatalities from heart disease by a notable 20 percent in patients with established cardiovascular disease. In light of this new data, whether Semaglutide is cost-effective is still to be determined.

The weight of responsibility

The health care system is somewhat of a zero-sum game. Public insurance plans grapple with the immense responsibility of ensuring patients receive access to many treatment options while keeping costs in check. This delicate balancing act often results in difficult choices, and Semaglutide is no exception. Of course, the choice would be made a lot easier if the price of the Semagluitde was lower.

Since the introduction of Semaglutide, Novo Nordisk's share price has more than quadrupled in the past five years. It's now the most valuable company in Europe.

Editor’s note: The views, perspectives and opinions in this article are solely the author’s and do not necessarily represent those of the AMA.