

**Breaking Point:
How Weight Loss Drugs Could Bankrupt American Health Care**

I. Executive Summary

Over the past thirty years, U.S. prescription drug spending has skyrocketed. Spending on prescription drugs jumped from just \$47 billion in 1992 to \$406 billion in 2022—a 764% increase.¹ Higher prescription drug spending already poses an extraordinary burden on the American people, who are forced to pay higher premiums, taxes, and out-of-pocket costs.

Now, spending on prescription drugs is on the verge of increasing like never before. New drugs for diabetes and weight loss like Novo Nordisk’s Ozempic and Wegovy could be potential game changers for the millions of Americans with diabetes and obesity. But these drugs will not do any good for the millions of patients in America who cannot afford them. Further, the outrageously high prices of these drugs have the potential to bankrupt our entire health care system.

Today, Novo Nordisk charges Americans with type 2 diabetes \$969 a month for Ozempic, while this same exact drug can be purchased for just \$155 in Canada, \$122 in Italy, \$71 in France, and \$59 in Germany. Meanwhile, Novo Nordisk lists Wegovy for \$1,349 a month in the U.S. while this same exact product can be purchased for just \$186 in Denmark, \$137 in Germany and \$92 in the United Kingdom.

Novo Nordisk’s prices are especially egregious given a recent report from researchers at Yale University that found that these drugs can be profitably manufactured for less than \$5 a month.²

Nearly half of all American adults are interested in taking weight loss drugs.³ The U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP Committee) Majority Staff modeled how the emerging class of weight loss drugs—led by Novo Nordisk’s Wegovy—could impact prescription drug spending, taking into account estimated manufacturer discounts.

Key findings include:

- Higher uptake of Wegovy and new weight loss drugs among adults with obesity at current net prices could lead to an unprecedented increase in prescription drug spending.

¹ National Health Expenditure historical data published by the Centers for Medicare and Medicaid Services.

<https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data>

² Barber, et al. “Estimated Sustainable Cost-Based Prices for Diabetes Medicines.” JAMA (2024)

<https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2816824>.

³ Montero, et al. “KFF Health Tracking Poll July 2023: The Public’s Views Of New Prescription Weight Loss Drugs And Prescription Drug Costs.” KFF (2023) <https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-july-2023-the-publics-views-of-new-prescription-weight-loss-drugs-and-prescription-drug-costs/>

- **Annual Spending on Weight Loss Drugs:**

- If half of adults with obesity took Wegovy and the other new weight loss drugs, it could cost \$411 billion per year—more than what all Americans spent on all retail prescription drugs in 2022 (\$406 billion).
- In this case, Medicare and Medicaid could spend \$166 billion per year on weight loss drugs—rivalling their total spending on all retail prescription drugs in 2022 (\$175 billion).

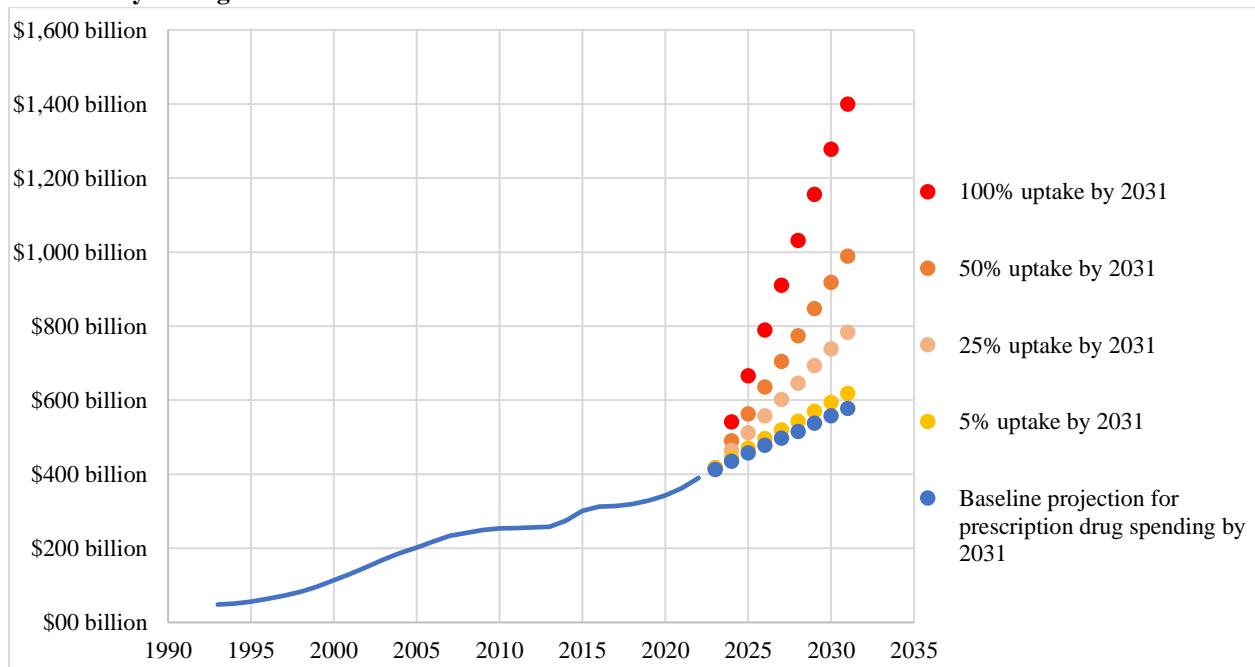
Table 1: Estimated annual spending on new weight loss drugs based on uptake among adults with obesity

| | Spending by percent uptake among adults with obesity in the U.S. | | | |
|---|--|-----------------|-----------------|-----------------|
| | 5% | 25% | 50% | 100% |
| Estimated U.S. net price (\$809) | \$41.1 billion | \$205.6 billion | \$411.1 billion | \$822.3 billion |

- **Total Spending Over Time:**

- Unless prices dramatically decline, Wegovy and weight loss drugs could push Americans to spend \$1 trillion per year on prescription drugs.

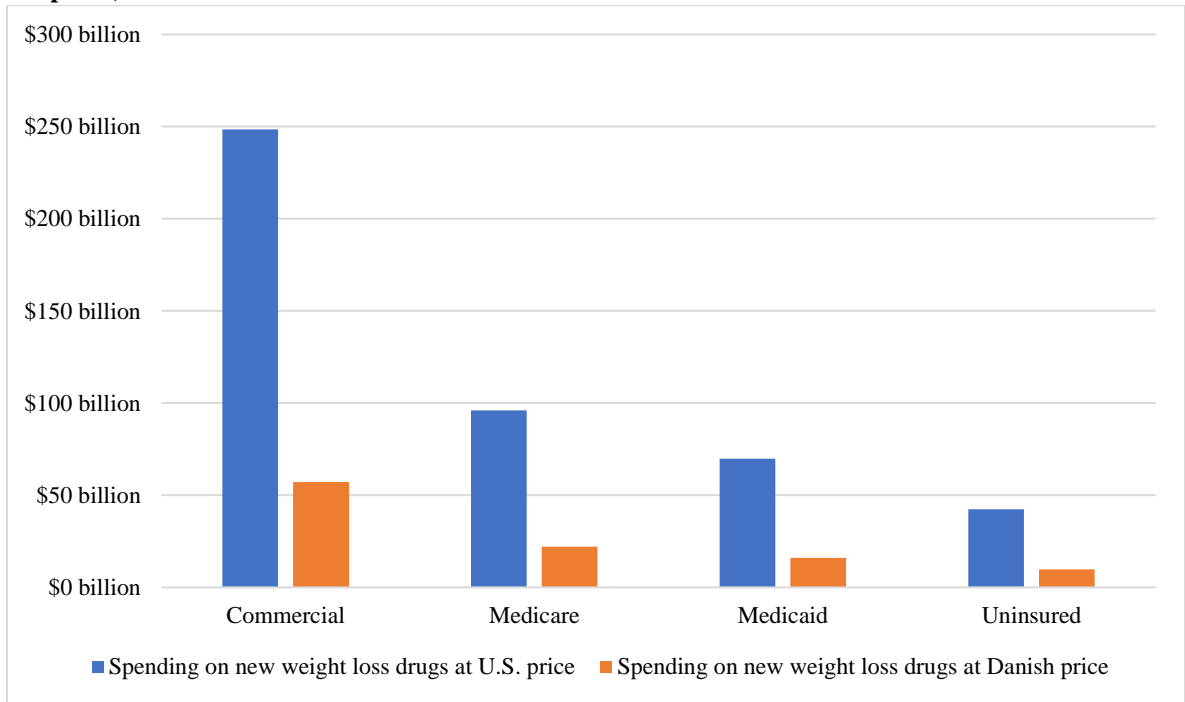
Figure 1: Estimated retail prescription drug spending based on uptake of weight loss drugs among adults with obesity through 2031



- **Potential Savings with Danish Prices:**

- If Novo Nordisk, a Danish company, charged Americans the same price it charges people in Denmark for Wegovy, the U.S. health care system could save up to \$317 billion dollars per year if half of adults with obesity took the drug. Taxpayers through Medicare and Medicaid alone could save \$128 billion per year.

Figure 2: Estimated annual spending on weight loss drugs at U.S. net price and Danish price by insurance type (50% uptake)



- If Danish prices were available, the U.S. health care system could pay for new weight loss drugs for 100% of adults with obesity for less than the cost of covering 25% of the population with obesity at current U.S. net prices annually.

II. Introduction

Last month, nearly 20,000 state employees and teachers in North Carolina lost access to Wegovy and other weight loss drugs. Doctors started receiving panicked phone calls. The reason these people lost access was not because there were not enough drugs to meet demand, but because Novo Nordisk refused to lower prices to make those drugs widely available. The State Health Plan estimated that continuing coverage for Wegovy at its current price would require them to double insurance premiums.⁴ Faced with impossible choices, the health plan eliminated coverage.

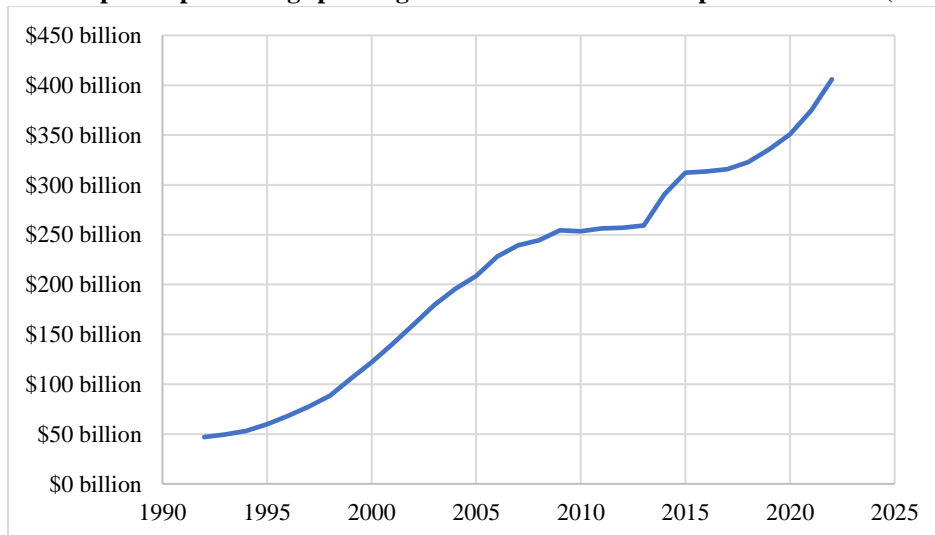
North Carolina is not alone. 35 state Medicaid programs do not cover Wegovy at all. Novo Nordisk’s outrageously high prices are denying people care across the country.

Last year, researchers at Vanderbilt University and the University of Chicago estimated in the *New England Journal of Medicine* what it would cost Medicare to cover Wegovy and other weight loss drugs.⁵ In this report, HELP Committee Majority Staff analyze the burden of Wegovy and weight loss drugs across all payers in the U.S. health care system, provide a more refined estimate of spending using estimated net prices, and place increased spending in the context of growing total prescription drug spending over time. The report focuses on Wegovy since it accounts for most GLP-1 prescriptions for weight loss, but the findings apply generally to the new class of weight loss drugs, including Eli Lilly’s Zepbound.⁶

III. Background

Prescription drug spending has increased significantly over the last 30 years. In 1992, expenditures on retail prescription drugs dispensed through pharmacies—not administered by physicians in doctor’s offices and hospitals—totaled \$47 billion. In 2022, prescription drug expenditures reached \$406 billion dollars—a 764% increase.

Figure 3: Total retail prescription drug spending from National Health Expenditures data (1992-2022)



⁴ “State Health Plan – GLP-1 Weight Loss Drugs, Revenues and Expenditures Fact Sheet.” North Carolina State Health Plan for Teachers and State Employees (2024). <https://www.shpnc.org/media/3396/download?attachment>

⁵ Baig, et al. “Medicare Part D Coverage of Antiobesity Medications — Challenges and Uncertainty Ahead.” *New England Journal of Medicine* (2023). <https://www.nejm.org/doi/abs/10.1056/NEJMp2300516>

⁶ *Investor presentation: First three months of 2024*. Novo Nordisk (2024).

Prescription drugs also account for a greater portion of overall health care spending. In 1992, prescription drug expenditures represented about 5.5% of all health spending while in 2022, prescription drugs made up about 9.1% of all health care spending.

Higher prescription drug spending already poses an extraordinary burden on the American people, who are forced to pay higher premiums, taxes, and out-of-pocket costs.⁷ Now, with the introduction of new treatments for diabetes and obesity, spending on prescription drugs is on the verge of increasing like never before.

Many payers are grappling with how and whether to cover Wegovy and other new weight loss drugs such as Eli Lilly's Zepbound. The exorbitant prices of new weight loss drugs, even with rebates and other discounts, means that plans are struggling to balance demand for the drugs with rising premium costs for all plan beneficiaries. Several employers have stopped coverage for Wegovy and other weight loss drugs, citing unsustainable growth in prescription drug costs and premiums.⁸

Medicare is prohibited by law from covering drugs solely for weight loss. However, Wegovy was recently approved by the Food and Drug Administration (FDA) to reduce the risk of serious heart problems in people who are overweight or obese. With that new indication, the Centers for Medicare and Medicaid Services (CMS) has opened the door for coverage for more patients.

IV. The New Weight Loss Drugs Could Bankrupt the Health Care System

This month, the CEO of Novo Nordisk admitted to investors that the volume sold of new weight loss drugs was "to some degree putting strains on health care systems" before he pivoted to the purported value of these new treatments.⁹ How much strain could these drugs create?

Methodology

HELP Majority staff developed a simple model using data reported by the Centers for Disease Control and Prevention (CDC) and CMS to assess the impact of new weight loss GLP-1 drugs on U.S. prescription drug spending. To account for additional spending, we estimated the number of adults with obesity using these drugs across different uptake scenarios, multiplied by the estimated net price of Wegovy after manufacturer rebates. We focused on Wegovy since it accounts for the vast majority of GLP-1 prescriptions for weight loss.

We evaluated four potential uptake scenarios among adults with obesity (5% uptake; 25% uptake; 50% uptake; and 100% uptake). We did not evaluate uptake based on other indications for semaglutide, including as Wegovy for overweight people with at least one weight-related condition and as Ozempic for diabetes. We did not evaluate uptake in adolescents and children.

⁷ *Making Medicines Affordable: A National Imperative*. National Academies of Sciences, Engineering, and Medicine (2018). <https://nap.nationalacademies.org/catalog/24946/making-medicines-affordable-a-national-imperative>

⁸ Peter Loftus. "Employers Cut Off Access to Weight-Loss Drugs for Workers." Wall Street Journal (2023). <https://www.wsj.com/health/healthcare/employers-cut-off-access-to-weight-loss-drugs-for-workers-cb277a44>

⁹ Elaine Chen. "Novo Nordisk defends Ozempic's price in face of Senate scrutiny." STAT (2024). <https://www.statnews.com/2024/05/02/novo-nordisk-defends-ozempic-wegovy-price-senate-probe>

Novo Nordisk has not yet provided net pricing data requested by the Committee. Net prices were estimated to be \$809 per month based on publicly reported figures, representing a 40% rebate on the Wegovy list price (\$1,349).¹⁰ Spending data were drawn from the National Health Expenditures data from CMS.¹¹ Obesity data and insurance type data were drawn from the CDC’s National Health Interview Survey (NHIS).¹² Notably, NHIS provides a conservative estimate of obesity prevalence, compared to National Health and Nutrition Examination Survey (NHANES).¹³

To understand the cumulative impact of Wegovy and other weight loss drug spending, we also evaluated changes in prescription drug spending over time. For the baseline analysis, we assumed prescription drug spending would continue to increase at the historical rate observed over the past five years (2017-2022). Then, for each uptake scenario, we added spending attributable to Wegovy and weight loss drugs to the baseline.¹⁴ We assumed peak uptake would be reached in 2031 before Wegovy’s patent expiration (2032), with uptake increasing at a constant rate to reach that level.¹⁵

Finally, to understand the impact of changes in price, we estimated changes in spending if Novo Nordisk reduced the U.S. estimated net price (\$809 per month) of Wegovy to the price it charges in Denmark (\$186 per month).¹⁶

Findings

Annual Spending

If half of American adults with obesity took Wegovy and the other new weight loss drugs, it could cost the health care system \$411 billion per year—more than total spending for all retail prescription drugs in 2022 (\$406 billion).¹⁷ Under this scenario, Medicare and Medicaid could

¹⁰ “Treasurer Folwell Calls on Novo Nordisk to Lower the Unfair Cost of Weight Loss Drugs.” North Carolina Department of State Treasurer (2023). <https://www.nctreasurer.com/news/press-releases/2024/04/22/treasurer-folwell-and-state-health-plan-issue-request-information-glp-1-drugs>. See also: Teddy Rosenbluth. “NC State Health Plan wanted to cut spending on obesity drugs. Instead it may pay more.” The News & Observer (2024). See also: Ippolito and Levy. *Estimating the Cost of New Treatments for Diabetes and Obesity*. American Enterprise Institute (2023). <https://www.aei.org/wp-content/uploads/2023/09/Estimating-the-Cost-of-New-Treatments-for-Diabetes-and-Obesity.pdf?x91208>. However, these numbers likely underestimate the net price because they do not account for volumes provided through manufacturer patient assistance programs.

¹¹ National Health Expenditure historical data published by the Centers for Medicare and Medicaid Services. <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data>

¹² National Health Interview Survey published by the National Center for Health Statistics at the Centers for Disease Control and Prevention. <https://www.cdc.gov/nchs/nhis/index.htm>

¹³ According to NHANES, U.S. obesity prevalence was 41.9%. According to NHIS, U.S. obesity prevalence was 33.1% for adults. NHIS data was available by insurance type, but NHANES was not.

¹⁴ This simpler approach allowed us to better isolate the impact of Wegovy and weight loss drugs compared to the National Health Expenditure projections.

¹⁵ *Annual Report 2023*. Novo Nordisk (2024).

https://www.novonordisk.com/content/dam/nncorp/global/en/investors/irmaterial/annual_report/2024/novo-nordisk-annual-report-2023.pdf

¹⁶ NAVLIN drug pricing and reimbursement data

¹⁷ National Health Expenditure historical data published by the Centers for Medicare and Medicaid Services. <https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data>

spend \$166 billion per year on weight loss drugs—rivalling their total spending on retail prescription drugs in 2022 (\$175 billion).¹⁸

Even if just 5% of American adults with obesity took the drugs, it could cost \$41.1 billion dollars—nearly ten percent of spending for all retail prescription drugs in 2022. This is similar to the percentage North Carolina State Health Plan had been spending on Wegovy and weight loss drugs before it was forced to cut coverage.¹⁹

Table 4: Estimated annual spending on new weight loss drugs based on percent uptake among adults with obesity by insurance type²⁰

| Insurance type | Spending by percent uptake among adults with obesity in the U.S. | | | |
|----------------|--|-----------------|-----------------|-----------------|
| | 5% | 25% | 50% | 100% |
| Commercial | \$24.9 billion | \$124.3 billion | \$248.5 billion | \$497 billion |
| Medicaid | \$7.0 billion | \$34.9 billion | \$69.9 billion | \$139.7 billion |
| Medicare | \$9.6 billion | \$48.1 billion | \$96.1 billion | \$192.2 billion |
| Uninsured | \$4.2 billion | \$21.2 billion | \$42.5 billion | \$84.9 billion |

Total and Cumulative Spending

Unless prices dramatically decline, Wegovy and weight loss drugs could push Americans to spend \$1 trillion per year on prescription drugs.

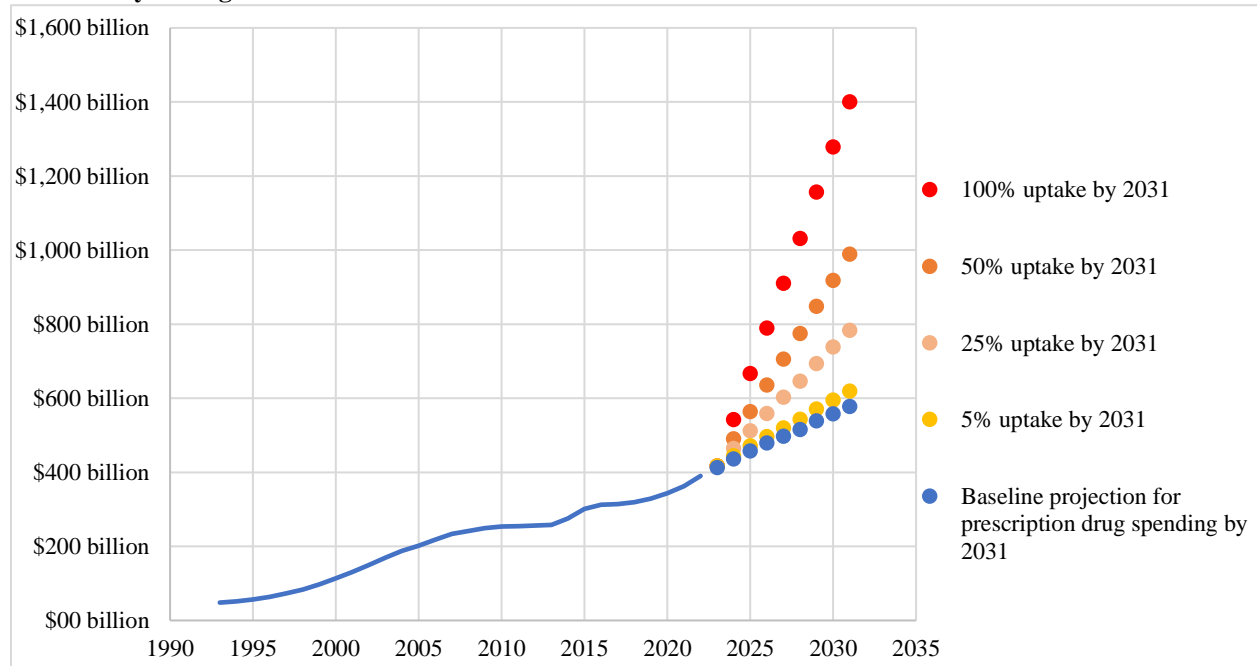
¹⁸ National Health Expenditure historical data published by the Centers for Medicare and Medicaid Services.

<https://www.cms.gov/data-research/statistics-trends-and-reports/national-health-expenditure-data>

¹⁹ “State Health Plan – GLP-1 Weight Loss Drugs, Revenues and Expenditures Fact Sheet.” North Carolina State Health Plan for Teachers and State Employees (2024)

²⁰ Based on CDC National Health Interview Survey 2022. Obesity data was available by insurance status for people enrolled in commercial coverage, Medicaid, and Medicare, and for uninsured people. People may have more than one type of coverage at a time, so the insurance status numbers may cumulatively be higher than national totals. People covered by other public payers, such as the VA, were not included in the CDC data.

Figure 4: Estimated retail prescription drug spending based on uptake of weight loss drugs among adults with obesity through 2031



Just on new weight loss drugs, the U.S. could cumulatively spend nearly one trillion dollars by 2031 if uptake reached 25 percent, and nearly two trillion dollars if uptake reached 50 percent.²¹

Table 5: Estimated cumulative spending on new weight loss drugs by 2031 based on uptake among adults with obesity

| | Spending by percent uptake among adults with obesity in the U.S. | | | |
|---|--|-----------------|-----------------|-----------------|
| | 5% | 25% | 50% | 100% |
| Estimated U.S. net price (\$809) | \$203.5 billion | \$943.6 billion | \$1.87 trillion | \$3.72 trillion |

Potential Savings with Danish Prices

If Novo Nordisk reduced the price of Wegovy (\$809 per month) to the price it charges in Denmark (\$186 per month), the savings to the U.S. health care system could be significant.

If Danish prices were available, the U.S. health care system could save up to \$317 billion dollars per year if half of adults with obesity were using the drug.²² Taxpayers through Medicare and Medicaid alone could save \$128 billion per year.

If Danish prices were available, the U.S. health care system could pay for new weight loss drugs for 100% of adults with obesity for less than the cost of covering 25% of the population with obesity at current U.S. net prices annually.

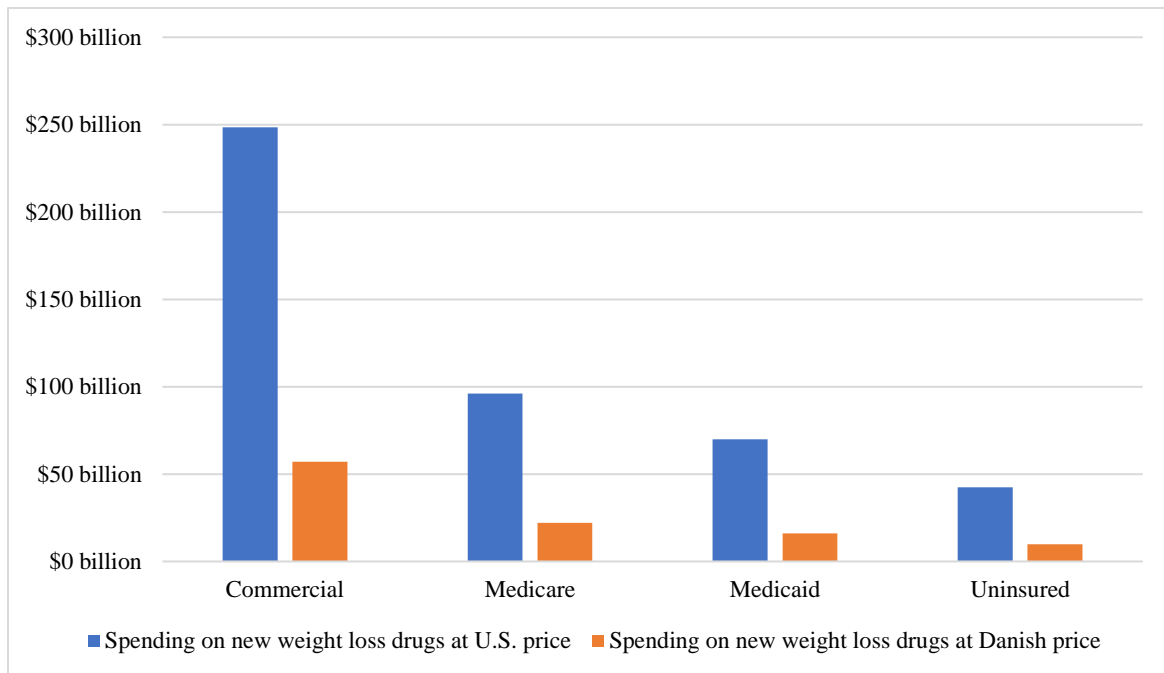
²¹ Cumulative spending is the sum of estimated additional spending on weight loss drugs above the baseline projection from 2023 to 2031 in Figure 4.

²² While not everyone would use Wegovy, we assume Novo Nordisk’s decision to lower prices would put downward pricing pressure on competing products.

Table 6: Estimated annual spending on new weight loss drugs based on percent uptake among adults with obesity by U.S. net price and Danish price

| | Spending by percent uptake among adults with obesity in the U.S. | | | |
|---|--|-----------------|-----------------|-----------------|
| | 5% | 25% | 50% | 100% |
| Estimated U.S. net price (\$809) | \$41.1 billion | \$205.6 billion | \$411.1 billion | \$822.3 billion |
| Danish price (\$186) | \$9.5 billion | \$47.3 billion | \$94.5 billion | \$189.1 billion |
| Estimated savings | \$31.7 billion | \$158.3 billion | \$316.6 billion | \$633.2 billion |

Figure 5: Estimated annual spending on weight loss drugs at U.S. net price and Danish price by insurance (50% uptake)



If Novo Nordisk charged Americans the same price it charges people in Denmark for Wegovy, by 2031, the U.S. health care system could cumulatively save \$727 billion on new weight loss drugs if uptake reached 25 percent and \$1.4 trillion if uptake reached 50 percent.

Table 7: Estimated cumulative spending on new weight loss drugs through 2031 based on uptake among adults with obesity by U.S. net price and Danish price

| | Spending by percent uptake among adults with obesity in the U.S. | | | |
|---|--|-----------------|-----------------|-----------------|
| | 5% | 25% | 50% | 100% |
| Estimated U.S. net price (\$809) | \$203.5 billion | \$943.6 billion | \$1.87 trillion | \$3.72 trillion |
| Danish price (\$186) | \$46.8 billion | \$216.9 billion | \$429.6 billion | \$855 billion |
| Estimated savings | \$156.7 billion | \$726.6 billion | \$1.4 trillion | \$2.9 trillion |

V. Conclusion

When the CEO of Novo Nordisk admitted that the volume sold of Wegovy was posing a strain on the health care system, he quickly pivoted to the “full value” that Wegovy brought.²³ He was optimistic that Novo Nordisk would be able to communicate the value of the drug.

The magnitude of savings new weight loss drugs will achieve relative to their price appears to be overstated. In March, the Congressional Budget Office said that “at their current prices, [anti-obesity medicines] would cost the federal government more than it would save from reducing other health care spending—which would lead to an overall increase in the deficit over the next 10 years.”²⁴ In April, the head of the Congressional Budget Office said that net prices would need to drop by 90 percent to “get in the ballpark” of not increasing the national deficit.²⁵

More broadly, whether weight-loss drugs achieve transformative savings should only be one consideration in their pricing. Pricing drugs based on their value cannot serve as a blank check, or the sole determinant for how we understand what to pay for essential goods. As one pharmaceutical policy expert explained to the New York Times, “If we allowed water utilities to charge us the full value of water in our lives, society would very quickly break down.”²⁶

As important as these drugs are, they will not do any good for the millions of patients who cannot afford them. Further, if the prices for these products are not substantially reduced, they have the potential to bankrupt Medicare, Medicaid and our entire health care system. The United States Congress and the federal government cannot allow that to happen.

²³ “Novo Nordisk (NVO) Q1 2024 Earnings Call Transcript.” The Motley Fool (2024). <https://www.fool.com/earnings/call-transcripts/2024/05/02/novo-nordisk-nvo-q1-2024-earnings-call-transcript/>

²⁴ Noelia Duchovny. “The Federal Perspective on Coverage of Medications to Treat Obesity: Considerations From the Congressional Budget Office.” Congressional Budget Office presentation at the National Academies’ Roundtable on Obesity Solutions. <https://www.cbo.gov/system/files/2024-03/60116-Duchovny.pdf>

²⁵ “Paragon’s Joint Event With EPIC referenced in Politico.” Paragon Health Institute (2024).

<https://paragoninstitute.org/medicare/paragons-joint-event-with-epic-referenced-in-politico-april-26-2024/>

²⁶ Robbins and Jewett. “Six Reasons Drug Prices Are So High in the U.S.” The New York Times (2024). <https://www.nytimes.com/2024/01/17/health/us-drug-prices.html>