Analytic Recipes℠

Analysis of Rising Pharmacy Costs and Trends in GLP-1 / SGLT-2 Drug Utilization

Strategic Insights for Healthcare Stakeholders

In a landscape where fiscal prudence is as crucial as effective patient care, this analysis serves as a valuable tool for healthcare stakeholders. Through a detailed cohort analysis, we provide nuanced insights into the utilization patterns of GLP-1 and SGLT-2 drugs, helping payers and providers understand the implications of these trends for their financial strategies and patient care models.

The report's predictive modeling and trend analysis are particularly beneficial for stakeholders looking to anticipate future shifts in drug usage and costs. By offering a clear picture of the current state and potential future trajectory of GLP-1 and SGLT-2 drug utilization, we equip healthcare decision-makers with the knowledge needed to navigate the complexities of modern healthcare economics. This, in turn, enables the development of more informed, strategic approaches to healthcare management, ensuring both fiscal responsibility and optimal patient outcomes.

Rising Costs in Pharmacy: GLP-1 / SGLT-2 Analysis

This research report investigates the escalating pharmacy costs within the healthcare industry, focusing on the substantial increase in allowed pharmacy per member per month (PMPM) expenditures associated with GLP-1 and SGLT-2 drugs. These medications, initially designed for diabetes management, are now gaining popularity as effective tools for weight loss. Our study reveals a 16% rise in allowed pharmacy PMPM over the last two study periods, with GLP-1 and SGLT-2 drugs responsible for more than 40% of the net overall pharmacy trend. This report examines these drugs' demographic and usage patterns within different cohorts and sub-cohorts, highlighting the potential implications for healthcare costs and patient care.

INTRODUCTION

The relentless surge in pharmacy costs is a critical concern in the healthcare sector, impacting both payers and providers. This research delves into the dynamics of these escalating costs and the factors contributing to the rising utilization of GLP-1 and SGLT-2 drugs for weight loss, shedding light on their prevalence, demographics, and cost trends.

TRENDS IN GLP-1 AND SGLT-2 DRUG UTILIZATION
Overall Trends

Our analysis revealed a 16% increase in allowed pharmacy PMPM over the last two study periods. GLP-1 and SGLT-2 drugs accounted for over 40% of

this increase. This indicates that nearly half of the PMPM cost escalation in pharmacy expenses can be attributed solely to these medications.

Impact on Expenditures

GLP-1 and SGLT-2 drugs transitioned from 2% of overall medical and pharmacy expenditures to 3% during the same period. Within pharmacy costs, their share increased from 8% to 13%. This expenditure surge highlights the growing significance of these drugs in healthcare budgets.

COHORT ANALYSIS
To gain deeper insights into the profile and patterns of GLP-1/SGLT-2 drug utilization, we segmented the population into cohorts and sub-cohorts for comprehensive analysis. These included:

- Members with EITHER one or the other (but not both)
- Diabetic members (no diagnosis of obesity or overweight)
- Overweight or obese members (no diabetes episodes)
- Members with BOTH obesity and diabetes
- Members with NO record of either condition

Key Measures of GLP/SGLT Utilizers

The table below summarizes key findings from the cohort analysis:

| Cohort | % of Population | Demographics | | | Prevalence | % of Overall PMPM | GLP PMPM |
		Age	% Female	Trend*	% of PMPM	PMPM Trend	Trend*
Either Condition	2.7%	52.7	49.6%	178.4%	11.7%	6.7%	171.6%
Diabetes	1.3%	54.1	46.0%	136.4%	5.5%	2.8%	137.4%
Obesity or Overweight	0.4%	47.2	70.2%	938.6%	1.0%	0.8%	759.1%
Both Conditions	1.1%	52.3	51.4%	170.7%	5.2%	3.0%	179.4%
Neither Condition	0.4%	50.2	56.2%	-45.0%	1.1%	-2.1%	-60.2%
Total Population	3.2%	52.0	46.8%	77.2%	12.8%	4.6%	80.2%

*Trends reflect a two-year trend (prior 2 to current)

HEALTH ANALYTICS CONNECT

Health Analytics Connect: Your Partner in GLP-1 / SGLT-2 Drug Cost Analyses

Health Analytics Connect serves as an indispensable resource for employers and insurers tackling the complex challenges associated with the costs of GLP-1 and SGLT-2 drugs. Our advanced data analytics platform offers deep insights into the usage trends, efficacy, and financial impacts of these medications, vital for navigating the evolving healthcare landscape. Equipped with predictive modeling and comprehensive trend analysis capabilities, we empower you with the tools necessary for informed decision-making, strategic policy development, and effective cost management.

Our suite of analytical tools is specifically designed to identify risk patterns, understand demographic impacts, and quantify the financial implications of GLP-1 and SGLT-2 drug utilization. This enables the development of targeted health initiatives and cost-effective strategies. By partnering with Health Analytics Connect, you can proactively address the challenges posed by these drugs, ensuring optimized healthcare spending and improved patient care outcomes. Our commitment is to provide you with the actionable insights and support needed to effectively manage these critical aspects of modern healthcare.

IMPACT ON TARGET POPULATION

The cohort of individuals with diabetes, obesity, or overweight diagnoses experienced substantial increases in both the number of people taking these drugs (178%) and overall costs (172%). This group accounted for more than 90% of the total GLP-1/SGLT-2 costs.

On the other hand, the population taking these drugs without diagnostic indications for any of these target conditions reduced significantly – with a more than 60% decrease in allowed PMPM costs and a 45% reduction in the number of drug takers. This suggests increased accuracy in coding for these diagnoses, fewer instances of other off-label use, or individuals actively under healthcare provider care are more likely to be prescribed these drugs.

SUB-COHORT ANALYSIS

Parsing out the condition categories (diabetes only, obesity/overweight only, both conditions), we observed significant variations among these groups.

Notable Findings for the "Obese Only" Sub-Cohort

The sub-cohort of individuals categorized as "Obese Only" exhibited several noteworthy trends:

- A staggering 760% increase in GLP-1 or SGLT-2 PMPM spending.

- A 900% increase in the number of claimants.

- Despite being a minor contributor in proportion to the total allowed (7.5% of the total GLP/SGLT), this group's impact is projected to increase significantly if historical trends persist.

- A predominantly female population, younger by a few years compared to other groups, which were evenly split between genders.

INDUSTRY AND DEMOGRAPHIC IMPACT

These impacts extend across various industries, age groups, and gender mixes. While there are minor variations, the services and construction industries recorded over 80% increases in costs associated with these drugs among groups with representative population sizes.

OVERALL IMPACT AND OPPORTUNITIES

Despite the recent surge, only 28% of the current diabetic population and 11% of obese or overweight individuals are currently using these drugs. This represents a substantial untapped market potential with significant cost implications.

Payers are increasingly implementing prior authorization requirements and other steps to manage the approval of these drugs. While this limits access for individuals seeking these drugs solely for weight loss, growing clinical evidence supporting their benefits suggests that usage trends will continue to rise significantly.

A new trend is emerging where an increasing number of digital companies are advertising subscription services for these drugs at a fraction of the brand name costs, which could further impact usage patterns. These lower-cost alternative drugs are usually compounded medications made from the same ingredients and explicitly advertised for weight loss. Since these are rarely, if ever, paid for through insurance programs, it is still being determined how much these will affect trends and findings from this analysis.

In conclusion, understanding and managing the rising utilization of GLP-1 and SGLT-2 drugs is crucial for healthcare stakeholders. Health Analytics Connect offers tailored analysis and insights to help organizations navigate these trends and prepare for the evolving healthcare landscape.

THE ROLE OF DATA ANALYTICS

This research report highlights the crucial role of data analytics, including predictive modeling, in understanding the escalating pharmacy costs in the healthcare industry, specifically focusing on the substantial rise in expenditures associated with GLP-1 and SGLT-2 drugs. Initially developed for diabetes management, these drugs are increasingly used for weight loss, leading to a 16% increase in pharmacy per member per month (PMPM) costs. Over 40% of this increase is directly attributed to GLP-1 and SGLT-2 drugs. Our comprehensive analysis, which delves into the demographic and usage patterns across various cohorts, sheds light on current trends and employs predictive modeling to anticipate future implications for healthcare costs and patient care. This forward-looking approach is crucial for healthcare stakeholders, enabling them to navigate the complexities of healthcare economics and optimize patient treatment strategies in a rapidly evolving landscape.

AUTHOR(S)

Scott Guichard, Principal & Co-Founder
Mary Henderson, PhD, Principal & Co-Founder
Joulan Wu, Principal & Co-Founder
Denise Zeman, Principal & Co-Founder