

27 Jun 2024 | Analysis

# US House Bill Would Cover Obesity Drugs For Only Sliver Of New Medicare Enrollees

by **Cathy Kelly**

The significantly scaled back version of the Treat and Reduce Obesity Act is expected to cost the Part D program \$1.7bn over 10 years.

The House Ways and Means Committee cleared legislation authorizing Medicare Part D plans to cover obesity drugs for new enrollees who had commercial coverage for the treatments in the year prior to aging into the program, a move that may prove to be largely symbolic because of its limited impact.

The bill is a significantly slimmed down version of the Treat and Reduce Obesity Act (TROA) and was offered at the markup by committee leadership as a substitute for the original bill. TROA advanced in a bipartisan 36-4 vote on 27 June.

Currently, obesity drugs are not defined as “covered” Part D drugs. The bill would allow, but not require, plans to cover the treatments for obesity in some individuals.

TROA is designed to maintain obesity drug coverage for 1.25 million new enrollees over the next 10 years at an estimated \$1.7bn cost to Medicare.

Currently marketed obesity drugs that

## Key Takeaways

- The revised Treat and Reduce Obesity Act cleared the House Ways and Means Committee and would allow Medicare Part D plans to cover obesity drugs for new enrollees already taking them.
- The bill is expected to apply to just 1.25m Part D enrollees over 10 years and cost an estimated \$1.7bn.
- The Congressional Budget Office estimated that extending the benefit to all eligible Part D enrollees would cost \$40bn

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could benefit from the bill include [Novo Nordisk Pharma AG](#)'s Wegovy (semaglutide) and [Eli Lilly and Company](#)'s Zepbound (tirzepatide).

to \$60bn over 10 years, meaning broadening the bill's scope is unlikely at the drugs' current prices.

The original version of TROA is pending in the Senate Finance Committee, but has not been marked up due to the debate over its cost. (Also see "[Obesity Drug Costs: Limited-Time Use, Then Shift To Cheaper Maintenance Floated By Sen. Cassidy](#)" - Pink Sheet, 8 Nov, 2023.)

If the revised legislation clears both chambers of Congress it could continue to chip away at the barriers to reimbursement for obesity drugs in Medicare. The recent US Food and Drug Administration approval of a cardioprotective claim for Wegovy also is considered a potentially positive sign because Part D plans could cover the drug for that indication. However, it is not clear how many will do so. (Also see "[Wegovy's Medicare Part D Prospects: Four Million Lives And Counting?](#)" - Pink Sheet, 2 May, 2024.)

The bill was described at the markup by co-sponsors, Reps. Brad Wenstrup, R-OH, and Gwen Moore, D-WI, as a first step toward broader coverage. Both committed to extending the legislation's reach in the future.

TROA was first introduced in 2013, but cost concerns have held up its progress. Passage by the Ways and Means Committee marks the furthest the bill has advanced so far, Chairman Jason Smith, R-MO, said.

## Uninsured, Most Medicaid Enrollees Would Not Benefit

During the markup, some members challenged how the coverage was tailored in the bill. Several said the bill would not help the uninsured or those who were enrolled in many private insurance plans or Medicaid programs that do not cover obesity drugs.

Supporters acknowledged the bill's limited scope, but maintained that its limited benefit is better than nothing. The Obesity Action Coalition, Obesity Care Advocacy Network and other organizations urged passage of the revised bill in a letter to committee leadership prior to the markup.

"We support the ... legislation that would allow older adults to maintain their treatment for obesity without being denied access to lifesaving treatments when enrolling in Medicare," the groups said. "Current law is inequitable and disrupts the continuity of care for patients." The bill "will be an important step toward supporting access to obesity treatments for Medicare beneficiaries with obesity."

### **Original Bill's Cost Would Have Been \$40bn To \$60bn, According to CBO**

During the markup, Rep. Bradley Schneider, D-IL, offered an amendment that would have provided obesity drug coverage to all Part D enrollees. But Wenstrup said the Congressional Budget Office has preliminarily estimated coverage would cost \$40bn to \$60bn over 10 years and asked Schneider if he had an offset for the spending. Schneider acknowledged he did not, and the amendment failed.

Rep. Lloyd Doggett, D-TX, proposed an amendment that would have required obesity drugs be subject to price negotiation, which also was voted down.

Novo's Ozempic (semaglutide), which is approved for diabetes but also widely used for weight loss, likely will be subject to Medicare price negotiation in the next cycle of the program, which begins in 2025. (Also see "[Novo Nordisk's Wegovy In Medicare Part D: Coverage May Not Be The Only Problem](#)" - Pink Sheet, 5 Apr, 2023.)

A negotiated price for Ozempic also would apply to Novo's Wegovy because it contains the same active ingredient. Reduced prices for both drugs would be implemented in 2027, unless generic semaglutide enters the market before then and renders Ozempic (and thus Wegovy) no longer eligible for the process.

In addition to providing obesity drug coverage, the bill would require Medicare to re-evaluate its national coverage determination for "intensive behavioral therapy" so seniors can be "effectively treated through diet and exercise," according to a committee description.

The bill also would direct the Medicare Payment and Advisory Commission to develop a report on coverage of anti-obesity medication in "pre-Medicare markets" and "how use among those populations may affect usage by enrollees to lay the groundwork for expanded coverage to more individuals."