The State of Delaware

GHIP Cost Savings Opportunity
Coverage of Weight Loss Medications

State Employee Benefits Committee Meeting

January 26, 2026

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Formulary Update – Oral Form of Wegovy

- On December 22, 2025, the FDA approved Novo Nordisk's Wegovy pill, the first and only oral GLP-1 for weight loss in adults.
- The SBO confirmed with CVS that the pill will have the same net cost as the injectable per 30-day supply.
- Wegovy pill is subject to same Utilization Management criteria as the injectable.
- Direct-to-consumer pricing for the Wegovy pill begins at $149 per month. The wholesale acquisition cost (WAC) cost is $1,349 per month which is the approximate cost under the GHIP prior to rebates.
- Pharmacies began stocking the pill in early January 2026, meaning we will likely begin to see claims in our reporting starting in February.

Option 1 – Eliminate Coverage of GLP-1 Medications for Weight Loss

- SEBC to consider eliminating coverage of GLP-1 medications for weight loss for the commercial population (Active Employees and Non-Medicare Retirees) effective July 1, 2026.
  - Pros:
    - Pharmacy savings over a three-year period equates to **$180.6 million.**
    - SEBC could pass a 0.00% premium rate increase for FY27 with a reduced premium increase for FY29 (based on current experience).
  - Cons:
    - Nearly 6,000 members currently utilizing these medications for weight loss would lose coverage.
    - Potential for reduced/adverse health outcomes. Members who rely on GLP-1s for weight management may experience weight regain, worsening metabolic health, and increased risk of obesity-related conditions (e.g., diabetes, hypertension, sleep apnea).
    - Potential for higher long-term healthcare costs. Short-term savings from stopping coverage may be offset by increased medical claims for chronic diseases, hospitalizations, and complications associated with obesity.
    - Increased out-of-pocket burden. Members who continue treatment without coverage may face significant financial strain, though direct-to-consumer pricing has been decreasing for these drugs.

Plan Year	Coverage Eliminated
FY27	$51.2M
FY28	$60.8M
FY29	$68.6M
Total Savings (Net of Rebates)	**$180.6M**

Option 2 – Implement Stand-Alone Copay of $120 or $200 per 30-day supply

Current copay is $32 per 30-day supply

- SEBC to consider maintaining coverage of GLP-1 medications for weight loss for the commercial population (Active Employees and Non-Medicare Retirees) with an increased member copay effective July 1, 2026:
  - Stand-Alone copay means the medication would be excluded* from the current out-of-pocket maximums for prescription drugs.
  - Copays are double for 90-day supply.
  - Pros:
    - Pharmacy savings over a three-year period of **$56.8M - $101M** depending on the copay amount selected.
    - SEBC could pass a 1.6% - 2.7% premium rate increase for FY27 (lower than current 4.2%).
    - Members can utilize FSA funds to help offset increased out-of-pocket costs.
    - Maintaining coverage may result in improved health outcomes and decreased medical expenses in the long-term.
  - Cons:
    - Increased out-of-pocket expenses for members.

Plan Year	Stand-Alone $120 Copay	Stand-Alone $200 Copay
FY27	$16.1M	$28.7M
FY28	$19.1M	$34.0M
FY29	$21.5M	$38.3M
Total Savings (Net of Rebates)	**$56.8M**	**$101.0M**

**For reference, fertility drugs are currently excluded from annual out-of-pocket maximums and have a lifetime maximum of $15,000 per member.*

Option 3 – Implement Integrated Copay of $120 or $200 per 30-day supply

Current copay is $32 per 30-day supply

- SEBC to consider maintaining coverage of GLP-1 medications for weight loss for the commercial population (Active Employees and Non-Medicare Retirees) with an increased member copay effective July 1, 2026:
  - Integrated copay means the medication is still subject to the current out-of-pocket maximums* for prescription drugs ($2,100 per employee; $4,200 per family).
  - Copays are double for 90-day supply.
  - Pros:
    - Pharmacy savings over a three-year period of **$36.6M - $46.8M** depending on the copay amount selected.
    - SEBC could pass a 3.0% - 3.3% premium rate increase for FY27 (lower than current 4.2%).
    - If/when members reach their OOM, copay would be waived. This is accounted for in the provided fiscal estimates.
    - Members can utilize FSA funds to help offset increased out-of-pocket costs.
    - Maintaining coverage may result in improved health outcomes and decreased medical expenses in the long-term.
  - Cons:
    - Increased out-of-pocket expenses for members.

Plan Year	Integrated $120 Copay	Integrated $200 Copay
FY27	$10.4M	$13.3M
FY28	$12.3M	$15.8M
FY29	$13.9M	$17.8M
Total Savings (Net of Rebates)	**$36.6M**	**$46.8M**

**Once a member's out-of-pocket prescription drug expenses reach this amount, the plan will cover 100% of eligible expenses.*

Option 4 – Maintain Current Coverage Effective July 1, 2026 (No Changes)

- Option to maintain current coverage with no changes to copays or coverage terms effective July 1, 2026.
  - SEBC has been provided multiple proposals from GHIP vendors to consider an integrated weight management approach.
    - Committee can consider exploring one of these programs for a later effective date.
    - Programs would come at an additional cost to the GHIP.
    - Results and ROI vary by program.
    - Need to consider potential impacts to rebates.
    - External program exploration would require an RFP.
  - WTW and SBO will continue monitoring changes in the market due to approval of new drugs, new indications, etc., and any changes to pricing that may impact GHIP.
  - SBO will continue to explore direct-to-employer contracting opportunities with drug manufacturers.
    - Eli Lilly and Novo Nordisk are not currently offering any direct-to-employer contracts/programs, though this may change as the market evolves.
  - Pros:
    - Maintaining benefits for members would ensure no disruption in access to medication.
    - Potential for decreased medical expenses in the long-term as overall health improves for members utilizing these medications for weight loss.
  - Cons:
    - Current cost to the GHIP is unsustainable.

Plan Year	Remain Covered
FY27	$60.3M
FY28	$71.6M
FY29	$80.7M
Total Cost to GHIP	**$212.5M**

Next Steps

- At the February 23rd SEBC meeting, Committee to vote on Options 1 – 4:
  - Option 1 – Eliminate Coverage of GLP-1 Medications for Weight Loss
  - Option 2 – Implement Stand-Alone Copay of $120 or $200 per 30-day supply
  - Option 3 – Implement Integrated Copay of $120 or $200 per 30-day supply
  - Option 4 – Maintain Current Coverage (No Changes)

Appendix

GLP-1 Experience – Commercial Weight-Loss

SEBC voted to cover Weight Loss drugs subject to utilization management on March 6, 2023. At that time CVS was estimating the incremental cost to the GHIP in FY2024 would be **$1.8M**. However, FY2024 actual spend was **$14.2M**, and actual FY2025 spend was **$53.3M**. WTW is now projecting Weight Loss drug spend to be **$94.4M** in FY2026.

	Budget			Actual/ Re-Forecast		
Month	**Claims**	**Projected FY26**	**Month-over-Month**	**Claims**	**Projected FY26**	**Month-over-Month**
June FY25	**5,443**	**$ 6,325,000**	**8%**			
July	5,878	$ 7,770,000	23%	4,277	$ 5,452,356	-14%
August	6,349	$ 8,390,000	8%	4,643	$ 5,947,219	9%
September	6,857	$ 9,060,000	8%	4,934	$ 6,290,576	6%
October	**7,337**	**$ 9,690,000**	**7%**	**5,268**	**$ 6,680,003**	**6%**
November	7,850	$ 10,370,000	7%	5,637	$ 7,147,604	7%
December	8,400	$ 11,100,000	7%	6,031	$ 7,647,936	7%
January	8,904	$ 11,770,000	6%	6,393	$ 8,106,812	6%
February	9,438	$ 12,480,000	6%	6,777	$ 8,593,221	6%
March	9,910	$ 13,100,000	5%	7,116	$ 9,022,882	5%
April	10,405	$ 13,760,000	5%	7,471	$ 9,474,026	5%
May	10,821	$ 14,310,000	4%	7,770	$ 9,852,987	4%
June	11,254	$ 14,880,000	4%	8,081	$ 10,247,106	4%
Total	**103,402**	**$ 136,680,000**		**74,399**	**$ 94,462,727**	

- The decrease in the Re-Forecast versus Budget is attributable to the CVS/Wegovy deal effective July 2025
- All figures are gross spend, prior to rebates

GLP-1 – Weight-loss Savings Opportunity

SAVINGS AFTER REBATES

Plan Year	Coverage Eliminated	Stand-Alone $120 Copay	Integrated $120 Copay	Stand-Alone $200 Copay	Integrated $200 Copay
FY27	$51.2M	$16.1M	$10.4M	$28.7M	$13.3M
FY28	$60.8M	$19.1M	$12.3M	$34.0M	$15.8M
FY29	$68.6M	$21.5M	$13.9M	$38.3M	$17.8M
Total Savings	**$180.6M**	**$56.8M**	**$36.6M**	**$101.0M**	**$46.8M**

RATE ACTION IMPACT

Plan Year	Remain Covered	WL Coverage Eliminated	Stand-Alone $120 Copay	Integrated $120 Copay	Stand-Alone $200 Copay	Integrated $200 Copay
FY27	4.2%	0.0%	2.7%	3.3%	1.6%	3.0%
FY28	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
FY29	14.3%	12.3%	14.3%	14.3%	14.3%	14.3%

- Projections assume a July 1, 2026 effective date
- If coverage eliminated, projections assume that, on average, 15% of current GLP1 Rx for weight-loss convert to anti-diabetes or a different covered indication over the FY27-FY29 projection period
- Current copay is $32 for a 30-day supply and $64 for a 90-day supply
- If copay increased, projections assume a 10% reduction in overall utilization at $120 copay and 15% at $200 copay level
- “Stand-alone” copay assumes that the copay no longer applies towards the member out-of-pocket maximum accumulator; “Integrated” copay assumes that the copay continues to apply towards the member out-of-pocket maximum accumulator.
- Copays are double for 90-day supply
- Projections do not account for any potential increase in spend due to adverse medical outcomes, such as development of type II diabetes, instances of heart attack/stroke, and other medical conditions or events that may have been avoided by the coverage of these medications

Updates on Other State Employee Health Plan Weight Loss Coverage

- While state-specific weight loss coverage has been in flux, it appears that 14 states are currently covering weight loss medications on Commercial State Employee plans:

Alaska	Georgia	Kansas	New Mexico	Wyoming
Connecticut	Illinois	Kentucky	New York	Massachusetts
Delaware	Indiana	New Jersey	Tennessee	

- Other States are in various phases of discontinuing coverage:

State	Decision Stage	Effective Date	Other
North Carolina	Discontinued	April 1, 2024	No Grandfathering
Idaho	Discontinued	November 1, 2025	No Grandfathering
Colorado	Discontinued	July 1, 2025	Grandfathered current utilizers; Increased co-pay from $30 to $120 for a 30-day supply
Ohio	Discontinued	July 1, 2025	Grandfathered current utilizers until prior authorization expires
Louisiana	Vetoed	Not previously covered	Governor vetoed budget provision that would have provided coverage for FY 2026
Michigan	Discontinued	January 1, 2026	No Grandfathering

Other State Actions on GLP-1 Coverage for Weight Loss

The following states are not yet discontinuing coverage, but are implementing the following management tactics currently or in 2026:

- Alaska, Connecticut, Illinois, and Kentucky mandate participation in a weight management program
  - Partners include third-party vendors such as Virta or embedded in current vendors like CVS
  - Sole prescribing of obesity GPL-1s may need to come from program providers
- Connecticut is exploring manufacturing their own generic GLP-1 weight-loss medications
- New Jersey will charge higher co-pays if members are not engaged in a weight management program:
  - $125 versus $45 for a 30-day supply
  - Selection and implementation of the specific weight management program is still pending
- Kansas will update prior authorization criteria to a BMI threshold of 35 effective January 1, 2026
- Massachusetts will require members to participate in the Vida Health Weight Management program to receive coverage of weight loss GLP-1s effective January 1, 2026
  - Vida medical providers will serve as the sole prescriber for obesity GLP-1s

Federal Updates to GLP-1s

- On November 6, 2025, the White House announced that Novo and Lily agreed to sell their GLP-1 obesity drugs at substantially lower prices to Medicare and Medicaid, and to also lower their direct-to-consumer prices
  - The impact of these changes on GLP-1s purchased by employer sponsored health plans is not yet clear
  - Although much is to-be-determined, it appears as though coverage of weight loss under Medicare Part D will remain optional for states
  - Pricing will be dependent on the medication, dose and channel by which it is obtained
  - Both Novo's oral form of Wegovy (semaglutide) and Lily's oral obesity pill orforglipron will have a starting dose price of $149 per month
    - Both medications are not FDA approved yet but are being fast-tracked by the FDA, so approval is expected relatively soon
    - Higher prices are expected for the higher doses of these products
  - Wegovy
    - Current direct-to-consumer pricing is $350 per month with additional plans to drop to $250 per month over 2 years
    - Medicare price expected to be approximately $245 per month
  - Zepbound
    - Direct-to-consumer pricing is expected to be $299 per month for the lowest dose and up to $449 for the highest dose, around $50 less than current with plans to also drop to $250 per month over two years
    - Medicare price expected to be approximately $245 per month
  - Medicare patient out-of-pocket costs will be capped at $50 per month

Source: https://www.reuters.com/business/healthcare-pharmaceuticals/novo-lilly-shares-rise-trump-obesity-drug-deal-nears-2025-11-06/
https://www.nytimes.com/2025/11/06/health/trump-obesity-drug-prices-explainer.html

Additional GLP-1 management options

Most common

More innovative

	Employer strategies	Cost/Trend	Considerations /Comments
Cover with PBM criteria	• Coverage of GLP-1s for weight loss with PA's	• Costs will most likely continue to rise • Members will be satisfied	• Cost mitigation options • ROI on health benefits • Current level of coverage for the GHIP
Plan design	• Copay, coinsurance, 30-day limits, lifetime maximums	• Rebates may be impacted and lowers savings • Adds member abrasion	• Compliance considerations, including DEI • Still full pass-through of rebates up to $200 copay with CVS
BMI Increase	• Coverage of GLP-1s for weight loss with a higher BMI than current BMI of 30 or 27 with comorbidities	• Rebates may be impacted and lowers savings • Adds member abrasion	• BMI as a measurement may no longer be used by prescribers
Wrap-around clinical support	• Require a wrap-around program as a condition of coverage of a GLP-1 for weight loss	• Minimizes adherence issues • If using a limited prescriber network, this may impact rebates	• This allows control of prescriber network and ensures lifestyle and diet changes can be made • Includes CVS weight management program or third-party such as Virta and Vida
Exclusion	• Changing coverage strategy for weight loss from covered to excluded	• Significant cost mitigation strategy	• Member dissatisfaction • Could offer one-time FSA contribution for direct-to-consumer GLP-1 purchase to assist with cost
Direct-to-Consumer (DTC) and Compound GLP-1s	• Provide coverage of brands or compounded GLP-1s on or off benefit, with partial/full-subsidy options	• Offers continued clinical benefit of GLP-1s at a lower cost • Some risk in using non-FDA approved drugs (compounds)	• Drug shortage resolution and lawsuits may decrease this option (Compounds) • Includes TrumpRx, NovoCare, LilyDirect, RxSaveCard with possible cost supplementation
Direct contracting / Intra-State compact	• Act independently or create compact with other states to negotiate with pharmaceutical manufacturers to lower costs	• Requires a PBM allowing this to contractually be an option	• Could expand to additional high-cost classes other than GLP-1s • Intra-State compact would be considered as a long-term solution instead of immediate

As requested by Committee: Added Cost of GLP-1 – Weight-loss Coverage for the Medicare Population

SPEND AFTER REBATES

Plan Year	Commercial	Medicare
FY27	$60.3M	$4.2M
FY28	$71.6M	$8.9M
FY29	$80.7M	$10.0M
Total Cost		**$23.1M**

RATE ACTION IMPACT

Plan Year	Current LTP	Add Medicare
FY27	4.2%	4.2%
FY28	4.2%	4.4%
FY29	14.3%	15.8%

Assumptions:

- Coverage effective July 1, 2026
- Utilization per adult in the Medicare population is 25% of the Commercial population; assumed to increase evenly during FY27
- Cost of coverage (after copays) fully borne by the GHIP assuming no coverage implemented under Medicare