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Broadening Coverage for Obesity Treatment: A Toolkit for State Innovation

This toolkit was commissioned by Novo Nordisk, which also partnered with Randolph Pate Advisors LLC in developing the ideas summarized herein. Randolph Pate Advisors LLC accepted edits and suggestions, but maintained full editorial control over the ideas and content.

"According to the surgeon general, obesity today is officially an epidemic; it is arguably the most pressing public health problem we face, costing the health care system an estimated $90 billion a year."

More than 2 in 5 adults have obesity
1 in 11 have severe obesity

Estimated annual medical cost of obesity in 2019 was - $173 billion

Medical costs for those who have obesity is $1,861 higher than those of a healthy weight

A recent *JAMA* study predicts that a child born in 2000 has a one-in-three chance of developing diabetes; an African American child's chances are two in five.

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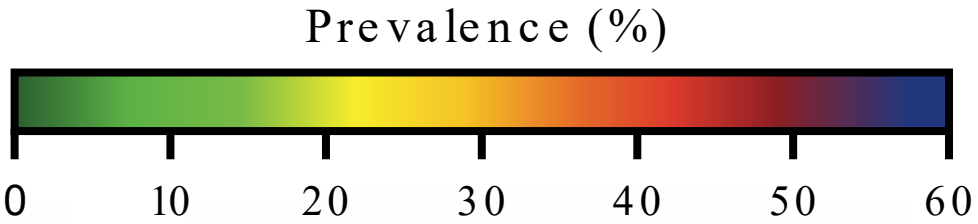
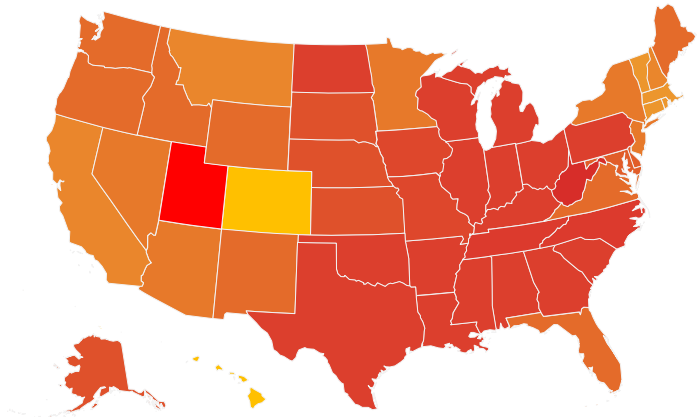
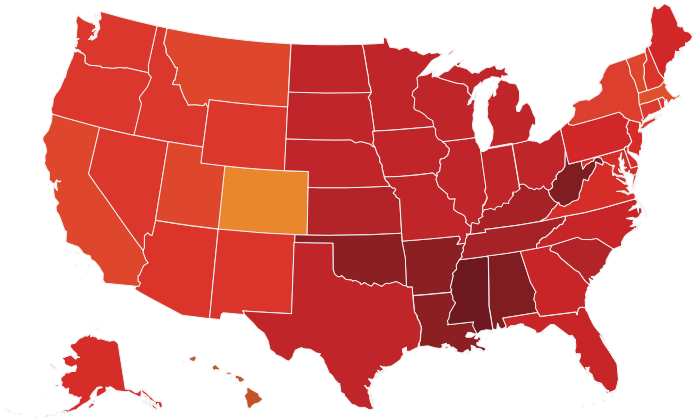
General Population Prevalence and Projection



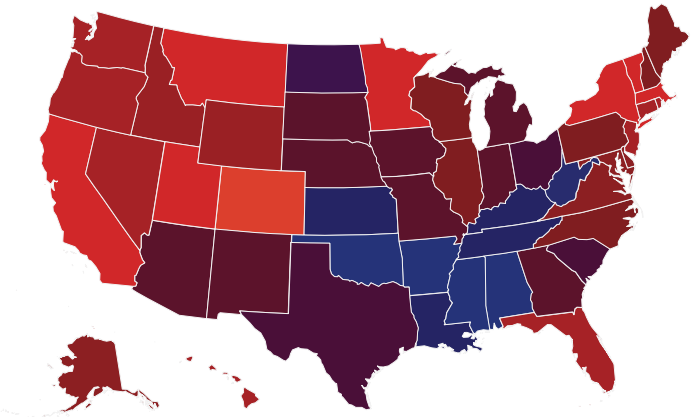
2010



2020



2030



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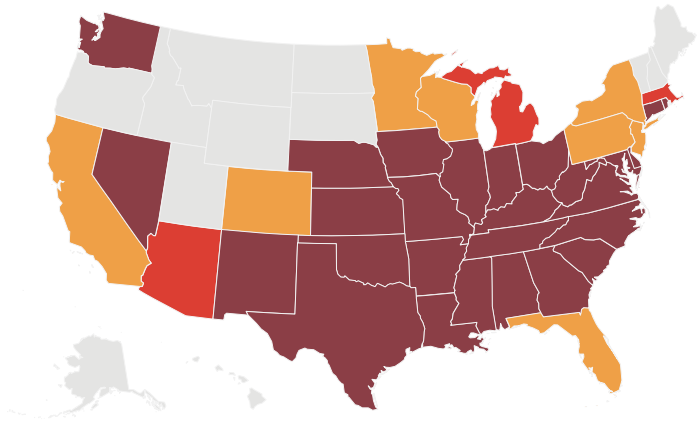
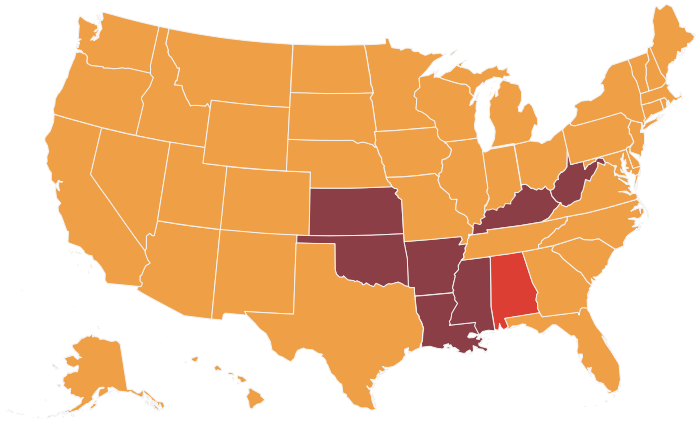
Most Common BMI Group by State: 2030 Projections Based on Race/Ethnicity

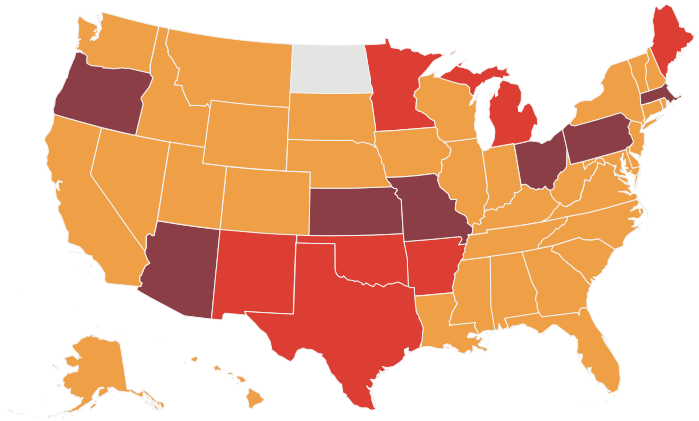
Non-Hispanic Black



Non-Hispanic White



Hispanic



Legend

- Underweight or normal weight (BMI, <25)
- Overweight (BMI, 25 to <30)
- Moderate Obesity (BMI, 30 to <25)
- Severe Obesity (BMI, ≥35)
- Suppressed Estimate

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State Options

- Essential Health Benefit (EHB) Benchmark Plan Amendments
- Section 1332 State Innovation Waivers
- Medicaid State Plan Amendments
- State Employee Benefit Plans

Essential Health Benefits Benchmark Changes

Under new flexibility provided by CMS, States can make targeted changes to their EHB Benchmark Plans, including adding benefits, subtracting benefits, or altering an existing benefit.

Typical employer plan test: New benchmark must provide a scope of benefits equal to a typical employer plan.

Generosity test: Benchmark plan must not exceed generosity of the most generous among plans listed at 45 CFR 156.111(b)(2)(ii)(A) (with + 1% de minimis threshold)

Proposals to change or to select a new EHB benchmark plan must be submitted to CMS for approval in spring of the second year prior to implementation of the new plan; for example, submitted in April 2023 for implementation January 1, 2025.

New Mexico – Case Study

Table 2: Impact of Changes

Benefit Change	Allowed Cost Impact
Artery Calcification	0.03%
Prosthetics	0.02%
Weight Loss Drugs	0.03%
Opioid Reversal Agents	0.00%
Anti-Hepatitis C Drugs	0.33%
Total	**0.41%**

Recommendation: Weight Loss Drugs / Programs

Description
We propose expanding member eligibility for weight loss drugs and programs to obesity, rather than morbid obesity alone.

Methodology and Results
We pulled claim experience for the West region from the WACA database for drugs covered under the United States Pharmacopeia (USP) Weight Loss drug class, per National Drug Code (NDC) code assignments. Weight Loss Drugs is not currently covered as a USP class according to the Benchmark documents. We then pulled member-level data from the same dataset and identified the percentage of obese and morbidly obese members present in that population. We assumed that member behavior would be uniform within these two groups if coverage and availability were also uniform. Therefore, the additional projected allowed PMPM amount was calculated based on the difference in the size of the eligible population with obese members included as eligible.
The resulting PMPM allowed cost, after a coverage utilization adjustment similar to the one described under the above section relating to prosthetics, was equal to 0.03% of the total allowed claims from the same experience dataset.

*Source: New Mexico, Wakely Consulting Group, LLC - Benchmark Plan Benefit Valuation Report, March 2020

Section 1332 Waiver Option

- Waive the definition of EHB to require coverage of AOMs.
- Include EHB waiver with a new/existing state reinsurance program
- Direct a portion of the pass-through funds to offset any increased costs from AOM coverage

Section 1332 Waiver Option

Create specialized plans designed to improve care and access for individuals with obesity

1. Waive definition of QHP to create “state complex care plans”

    a. State-authorized coverage options made available to individual market enrollees with specific chronic conditions or complex care needs
    b. May also waive definition of single risk pool

2. Complex care plans could include enhanced benefits targeted for people with obesity; enrollment would be voluntary

3. Attract enrollees based on customized plan features such as lower cost-sharing/additional benefits for obesity treatment (such as for AOMs)

Questions

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State Reinsurance Pass Through Payments

2022 Pass-through Payments: Reinsurance Waivers			
State	Projected Total PTC Savings	Estimated Additional PTC Savings Due to ARP	Percentage of PTC Savings Due to ARP
Alaska	$121,772,663	$43,838,158	36%
Colorado	$196,705,975	$53,110,613	27%
Delaware	$35,998,010	$10,079,442	28%
Georgia	$268,196,507	NA	NA
Maryland	$344,149,951	$99,803,485	29%
Maine	$45,821,025	$10,080,625	22%
Minnesota	$91,110,030	$40,999,513	45%
Montana	$30,688,963	$7,058,461	23%
North Dakota	$19,516,312	$5,464,567	28%
New Hampshire	$27,937,637	$7,822,538	28%
New Jersey	$322,987,495	$67,827,374	21%
Oregon	$73,202,937	$19,032,763	26%
Pennsylvania	$124,249,933	$29,819,983	24%
Rhode Island	$9,733,677	$2,044,072	21%
Wisconsin	$188,918,536	$52,897,190	28%
Totals	$1,900,989,651.00	$342,850,571.00	

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