

4sight Health Roundup
Winners and Losers From Medicare and Medicaid Coverage of GLP-1s
12/5/24

David Burda:

Welcome to the 4sight Health Roundup podcast, 4sight Health's podcast series for healthcare revolutionaries. Outcomes matter, customers count, and value rules. Hello again, everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, December 5th. One of the best things about doing this podcast every week is you never have to look far for a great topic to discuss. Last week when we were pretending to work, but really getting ready or traveling for Thanksgiving, the Biden White House proposed that Medicare and Medicaid covered GLP one drugs to treat obesity. Maybe you read the news after eating a big Thanksgiving dinner and thought, Hey, I could use a shot of that right now. Now that we've had time to digest the big dinner and the big news, we're gonna talk about the proposal with Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How are you two doing this morning, Dave?

David W. Johnson:

Well, I gotta say, Dave, the pun police are out looking for you. I'm getting indigestion just thinking about today's topic. <Laugh>.

Burda:

Yeah. Yeah, it was fun writing the script like I was writing for an 8-year-old. So no offense. Hope you get a chuckle out of it. Thanks, Dave. Julie, how are you?

Julie Murchinson:

I'm well. I, we started a new Thanksgiving tradition you know, last year. And this year we took my son to the CVS MinuteClinic because he was on his third cold and terrible cough. And I gotta say, the MinuteClinic is a great Thanksgiving treat.

Burda:

Oh, okay.

Murchinson:

You should check it out.

Burda:

A new tradition. Now before we talk about Medicare and Medicaid covering GLP ones, let's talk about your, your Thanksgiving dinner. Dave, did you avoid Gizzards? And are there any leftovers still in your fridge?

Johnson:

You know, Thanksgiving already seems like a dream to me now. But anyway, no leftovers in our house. We went to Shaw's Crab House and Oyster Bar, a great and historic Chicago institution for Thanksgiving dinner. And we weren't the only ones, man. The place was jammed.

Burda:

Seafood on Thanksgiving. Love it. Thanks Dave. Julie, did you binge on yams? And are there any leftovers in your fridge?

Murchinson:

Well, we had a little tragedy because where my mom lives, they cater Thanksgiving and they didn't have any yams, so I was disappointed. Oh. And whoever was in charge decided that apple pie was the only pie to be served, and I was outraged. So my family and I proceeded to make our way through four pumpkin pies for the rest of the weekend. <Laugh>

Burda:

<Laugh>. That's how that works. Definitely. Thanks, Julie. For me, the cranberries were gone the next day, and we finished the last of the mashed potatoes yesterday at breakfast. We like to fry them up, and there is no trace of any Thanksgiving food in our fridge, but of course, we made a Turkey this week because it was on sale, right? So it goes, follow the incentives. Now let's talk about this benefits proposal from the White House and HHS. Is it a Turkey? And there's your transition. On Tuesday, November 26th, the White House and HHS proposed a new rule that would expand Medicare and Medicaid coverage of GLP one prescription drugs. Currently, the two government health insurance programs cover GLP ones to treat diabetes. Under the proposal, the two programs would cover them to treat obesity. The White House said the expanded coverage would help 4 million Medicaid recipients and 3.4 million Medicare beneficiaries who struggle with obesity, and it would lower their out-of-pocket costs for the drugs by as much as 95%. The White House also said GLP ones would be part of HH's next round of Medicare Part D prescription drug price negotiations with drug manufacturers. Dave, do you support or oppose the plan? Who wins and who loses if the proposal takes effect? And what do you think will happen to the plan under the next administration?

Johnson:

Well, before we talk about any of that... fried mashed potatoes? I've never heard of such a thing.

Burda:

Oh, well, I'll make 'em for you sometime.

Murchinson:

Sounds delicious.

Burda:

Mold 'em into patties. Throw it in a frying pan. Crisp them up. Better than hash browns .

Johnson:

Well, anyway these are small questions you're asking, but let's let's go first to winners and losers. There are four Ps in healthcare providers, payers, pharma, and patients. Makes for delicious politics. By the way, so the, the fund police are coming for me now as well, <laugh>. I love it. But if you think about the four Ps pharma and patients want expansive coverage of GLP one drugs, providers and payers are scared to death about the cost. Another aspect of this is brilliant politics by the Biden administration and a real hot potato for the Republicans and the incoming Trump administration, they won't be able to avoid addressing this proposal. So you know, sit back and enjoy the politics on this one. For me, the most interesting aspect of the Biden administration's proposal is how they get around the current prohibition against the government funding of weight loss drugs. They do it by defining obesity as a disease and the need for GLP ones to treat it, obesity as a disease, and the related chronic conditions that it causes. This gets to the question now of whether I support the policy prescription or not. I believe like rock and roll GLP ones are here to stay. We're just beginning to realize their potential for treating addictive behaviors like overeating. So many applications in the pipeline, so can support this or not. In Michigan where we spend a lot of time, they use the phrase, go big or go home all the time to talk about the rivalry between Michigan and Michigan State. I'm not really sure why, but they do it. So I, I think the answer here is drawing on the go big or go home, is that you can't consider GLP ones in isolation. Their provision needs to be part of a much bigger and broader policy discussion regarding how American society achieves better balance between prevention and treatment, essentially between health and healthcare. And it's impossible to have that bigger discussion without incorporating topics that historically have been off the table, process foods, lifestyle behaviors, and dramatically expanded primary care coverage. Despite Donald Trump's pension for eating McDonald's hamburgers, I think his administration is gonna go big here on payment and policy reform. So I can see a path where they pay for GLP ones as part of a much bigger, make America healthy again, program. This gonna be interesting to see how that plays out. One other aspect of the politics of this is what are the food companies going to do? The cover story in the New York Times magazine a couple weeks ago talked about how there were fewer new, I'm gonna call 'em junk food processed food products coming out last year. And it's partly because the GLP one drugs are fundamentally changing the taste buds of people who use 'em, and they're going to the produce aisle instead of the processed food section of the grocery store. So they're, the food companies should think, trying to figure out how to respond to this as well. Anyway, all new ball game. Let's go big.

Burda:

Yeah, yeah. Good analysis, Dave. I I, I did read this week that GLP ones caused people to lose their taste for alcoholic beverages. So throw in beverage companies in with the food companies. That, that's saying something.

Murchinson:

I won't be GLP1-ing <laugh>.

Burda:

Be a tough choice. Yeah.

Johnson:

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You know, it's really interesting These are all forms of addictive behaviors, right? And if the GLP one drugs can keep you from overeating and eating bad foods, they can also influence, you know, your taste for alcohol gambling, other, other addictive behaviors. I, you know, I, I've gotten a little bit addicted to Sudoku. Maybe they could help me play a little bit less of that <laugh>

Burda:

Keeping the mind sharp. That's great. Thanks Dave. Julie, any questions for Dave?

Murchinson:

Well, Dave, our friends at the Kaiser Family Foundation said that only half the states that don't currently cover obesity drugs, were considering it. And obviously cost being the biggest barrier. So, given, you know, mounting state budget pressures, do you think it helps the case for the feds to include the compounders into this? Which of course, pharma would hate 'cause they just want the, their brand drugs in there.

Johnson:

You know, as I think about this Econ101 just keeps flooding back in into my brain where there's massive market demand. The market finds solutions, and I can't imagine that we won't accommodate any and all solutions to meeting this massive demand for GLP one drugs, including this current wrinkle that allows for the, the compounding of the drugs that gets around patent formulas, in part because there isn't enough supply to meet the demand. And then, like the happened with the Hep C drugs, where the first iterations that that came out were just outrageously expensive. As more and more of the Hep C drugs came into the marketplace, the the prices come down dramatically. So I think this is kind of microeconomics101 where you got supply and demand on the x and y axis, and you get to a clearing price that that works for the market. And I just don't think the market's gonna be able to resist this massive demand that that the American public has for these drugs.

Burda:

Yep. Yep. There may not be a choice in the market. Thanks, Dave. Julie, you're up. Do you support or oppose the plan? Who wins and who loses if it takes effect? And what's the plan's fate under Trump, RFK Jr and Dr. Oz the Holy Trinity of Health <laugh>?

Murchinson:

Well, listen, I support this at the right price and with wraparound services beyond just physicians writing scripts like all these virtual coaching services, Amada, Hims and Hers, Rose, you know, RO. They could turn this investment into sustained results and honestly, lifelong behavior change because I believe in these, but I also believe that they can and will be massively abused if we don't harness our power for good. But, so otherwise, you know, why would we cover them? And just to add to Dave's list you know, these digital health players will definitely be the winners as well if this goes anything like this goes through. And Dave, I don't know if you mentioned the losers in doctors, in hospitals, ultimately, I mean, this definitely has an impact downstream on our entire healthcare infrastructure. And, you know, for what I think will actually happen, I couldn't help but do a little investigative reporting. Brett, I think

you're rubbing off on me <laugh>. And I, I did my best to fly above politics, which is hard. And all I can say is pass the popcorn. Dave, I'm with you. This is gonna be a good show, <laugh>, because this clash between RFK, who is not at all down with GLP ones and Dr. Oz, who has extolled the transformational results on his show you know, if they're confirmed, it's gonna be wild because RFK, by the way, incidentally over will oversee CMS in his HHS role if he's confirmed, right? So he's been super outspoken criticizing Ozempic and saying they're counting on selling it to Americans because we're so stupid and so addicted to drugs. Good quote. And, you know, he's emphasizing things like healthy eating and fitness and other, you know, federal led efforts to fight obesity. And, you know, I hate to say it, RFK, but none of that has worked so well. And, you know, it's inherently biased towards obesity. So it relies on things that I think, you know, won't work like massive food policy shifts, which of course he's trying to do. Dr. Oz, on the other hand, and this is pretty salacious, he has a pretty sort of history with GLP ones. Oz promoted Ozempic on an episode of his show sponsored by Nova Nordisk. Nova also was a marketing client of Sharecare, which was a company that was co-founded by Dr. Oz and Oprah, by the way, Oz continued promoting weight loss drugs on his website, where he, not only to the benefits of Ozempic and Wegovy and others, but he also marketed a collagen supplement to combat the sagging facial skin known as Ozempic Face <laugh>. So maybe collagen will be covered Next. <Laugh> Love it. Novo acknowledged sponsoring Oz's show, but says that it does not have an ongoing relationship with Oz or Sharecare. And Oz refused to answer questions that were sent to the Trump transition team on his business relationship with Novo and Sharecare <laugh>. So interesting. Now, of course, if either our, well, if Oz in particular is confirmed, he's gonna have to divest any commercial ties to any of the entities anyway, but the concern is that he's about to take over two of the largest taxpayer funded programs just as pharmaceutical companies are lobbying their lights out to get these drugs covered. So, you know, again, pass the popcorn <laugh>. So what's gonna happen, you know, as you said, Dave, the Biden administration's gonna take all the credit for any progress here because let's face it, there's, there's strong evidence of effectiveness of these drugs and not paying for the drugs creates an equity issue. And physicians are out there saying that obesity should be treated just like any other disease. However, we don't have any studies on the long-term effects. So there could be some massive downstream liability if Trump with the Trump administration just rubber stamps this. But I'm not so sure anyone really cares about science anyway. And price has, you know, really been the major issue. It's been a stumbling block for Congress. People like Bernie Sanders seem supportive, but not at the current price point, which he claims is 10 to 15% what Europe and other countries are paying. But Scott Gottlieb, who used to run the FDA, noted that price will potentially be less of an issue as Medicare will negotiate the price of drugs like this that's on the table. And apparently, CMS officials have told advocacy groups that they don't believe the agency could change coverage policy on its own. So, you know, Oz wouldn't really be in the position to drive this through, you know, single-handedly if he wanted to. So I don't expect there to be, you know, immediate action when Trump takes over. But I agree with Dave that this is gonna create a discourse that hurdles us a lot closer to the reality here.

Burda:

Wow. I'm just looking into my crystal ball. Is somebody go going to call me Ozempic face <laugh> <laugh> when I'm older?

Murchinson:

That's a ring to it. <Laugh>.

Burda:

Yeah, it, it does kind of <laugh>. Thanks Julie. That was great. Dave, any questions for Julie?

Johnson:

Julie, by referencing RFK Jr and Dr. Oz Berta got you right into the middle of the politics of the GLP one debate drugs versus lifestyle modification. Another potential wrinkle is the monumental near term cost of adding these drugs in Medicare and Medicaid coverage against the desire of Elon Musk and his partner in crime Vikram Ramas Swami and their Department of Government efficiency does slash federal spending. What does your astute political radar tell you how will the politics of this GLP one proposal play out?

Murchinson:

Such a loaded question. Quite unfair, Dave <laugh>, but <laugh>, you know, early read of the government slashing would tell me that they wanna slash people, they wanna slash process. I don't get the sense that you know, something like this would be the first thing that they would wanna slash because it actually can really generate quite a, a strong commercial opportunity, right? Mm-Hmm. <affirmative>, they're more focused on the, the, the cost centers of the government, not the revenue generators for the country. So that's a very simplistic answer, but that's what I got.

Johnson:

Go big or go home <laugh>.

Burda:

Well, I'll have to have the large popcorn, but hold the butter. So I'll respond as a reporter. I'd wanna know whether Trump takes GLP ones. He looks like he lost some weight lately. I'd wanna know if Dr. Oz ever prescribed them to any of his patients for diabetes or weight loss. And Julie, it sounds like he probably has. And and I'd wanna know what prescription drugs RFK juniors are. Hypocrisy doesn't make good health policy. Now let's talk about other big healthcare news that happened this past week. It wasn't all bad, was it, Julie? What else happened that we should know about?

Murchinson:

Well, I saw this weekend that both cucumbers and eggs were recalled in massive numbers for potential salmonella. And today I woke up to California halting the sale of raw farms, raw milk over bird flu concerns. So what is happening with our food production? Exactly. <laugh>.

Burda:

Good luck, buyer beware. Dave, what other news is worth mentioning?

Johnson:

Well, you know, I'm always looking for fault lines as these massive macroeconomic trends like demographics and chronic disease and costs push down on, on this United States massive healthcare system. Well, here's one at the end of October, Point32Health, which is the owner of Tufts Health Plan, and Harvard Pilgrim Health told families of 9,400 patients at Children's Hospital in Boston and 17,000 patients at UMass Memorial Health that the insurer was unable to negotiate a new contract for them. So they have to find alternatives. And the alternatives in terms of a monthly cost are, are roughly double. So if you want to your child to get their care at Children's and or UMass Memorial, you're looking at a doubling of the healthcare premium. You know, this is one of these fault lines between cost and coverage that we're wrestling with. And we're starting to see how different players within the ecosystem are beginning to break. And in this case, it's a payer that is saying no to exceptionally high coverage costs at these prominent children's hospitals.

Burda:

And you do have to have a high level of consumer health literacy to understand your choices too. Right. Because a lot of people miss that paperwork and end up paying exorbitantly higher prices. Interesting. Thanks Dave. And thanks, Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website at 4sighthealth.com. You also can subscribe to the roundup on Spotify, Apple Podcast, YouTube, or wherever you listen to your favorite podcasts. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.