



Cost of Coverage

If Medicare Starts Covering Wegovy, Will Insurers Follow?

THERE IS a general truth in the health insurance sector: If Medicare and Medicaid are given the green light to cover a certain drug, insurers in the group health and individual health insurance market usually follow suit.

The Centers for Medicare and Medicaid Services typically allows Medicare drug plans and Medicaid to cover a drug once the Food and Drug Administration approves it for specific conditions. However, despite the FDA's approval of popular yet pricey GLP-1 medications like Ozempic and Zepbound for weight loss, these programs do not cover them due to a long-standing rule to not cover so-called "cosmetic" drugs.

The comment period for a proposed CMS regulation that would allow Medicare and Medicaid to cover GLP-1s and other drugs specifically for weight loss recently ended, and the industry is waiting to see if the Trump administration will finalize the rule.

If the CMS finalizes the rule, will group health and individual health insurers follow suit?

The fine print

Experts say that if the CMS approves GLP-1s for weight loss, private health insurers would likely do the same. This does not mean they would cover them outright. Each plan's copays, deductibles and coinsurance would still apply, as they do for all other drugs.

The list price of these drugs is around \$1,000 a month or more. Since GLP-1s are expensive specialty drugs, insurers would likely put them in their pharmaceutical fee schedule's most expensive tier, meaning that enrollees would pay higher copays and/or coinsurance than for lower-tier drugs.

Additionally, health plans that decide to cover these medications may require plan enrollees to first try less expensive treatments and/or lifestyle changes.

Effect on costs

The rising costs of specialty drugs are contributing to overall premium inflation.

In 2023, health insurance outlays for prescription drugs increased by 10.8%, compared to 2.6% for all medical expenses, according to the U.S. Department of Health

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Current Medicare GLP-1 coverage

- Type 2 diabetes, and
- Cardiovascular disease in diabetics.

Since Medicare drug plans began covering GLP-1s for the above conditions, private insurers have largely done the same.

Covered drugs

The drugs approved for the conditions in the above box include:

- Ozempic,
- Mounjaro,
- Rybelsus, and
- Wegovy.



Employers Struggle with Administering ICHRA Plans

FIRMS THAT have decided to offer their staff individual health care reimbursement accounts to purchase health insurance on their own have been encountering administrative headaches.

Simply tracking whether workers in an ICHRA plan have secured coverage can be complicated, but employers need to contend with other compliance issues too. As a result, more firms have turned to third party plan administrators to simplify enrollment for ICHRAs, which adds to the costs of administering these plans.

Employers fund ICHRAs and participating employees must use them to buy individual health insurance coverage on an Affordable Care Act marketplace or in the open market.

Employers can offer an ICHRA as a stand-alone benefit or alongside a group health insurance policy. For example, a company could offer group coverage to full-time employees and an ICHRA to part-time employees.

Administrative challenges

- **Documentation** – Employers are required to comply with IRS reporting rules, just as they would if they provide health insurance.
- **Reimbursements** – Employers must track reimbursements and verify that participating employees secure and maintain their coverage.
- **Compliance** – ICHRAs must comport with IRS, Department of Labor, ERISA and COBRA regulations.
- **Employee understanding** – Employees may be unfamiliar with ICHRAs and need help understanding eligibility and benefits. This requires additional training.
- **Setup** – Employers must navigate setup requirements, determine administrative methods and educate employees.

Other considerations for employers include:

Loss of premium tax credits – Employees eligible for affordable ICHRA coverage lose access to ACA premium tax credits, which reduce their premium on exchanges, resulting in higher costs for them. They lose this credit even if they decline the benefit.

Coverage and family limitations – ICHRA funds cannot be applied to spousal group plans. As a result, family members need to secure coverage from another source.

Employee backlash – Requiring workers to shop for health coverage on their own could create resentment in the ranks.

What employers can do

Employers considering offering employees ICHRAs may want to hire a third party administrator specializing in ICHRAs.

Some of these administrators function as a bridge between employers and health insurance companies, facilitating the enrollment process for employees choosing individual health plans. Administrators can manage communication, ensure compliance and streamline the selection of plans available through different insurers. ❖

In-house options

Companies who prefer not to outsource these functions can:

- Use software tools to streamline processes.
- Train personnel to manage reimbursements and compliance.
- Provide clear communication and training to employees.
- Offer support to help employees navigate eligibility requirements.
- Work with us to stay up to date on compliance requirements.
- Use detailed consolidated invoicing to simplify the billing process.



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GLP-1 Drugs May Have Offsetting Cost Benefits

and Human Services (HHS). This increase was driven by brand name and specialty drugs, particularly those used to treat diabetes and weight loss, such as GLP-1s. If more insurers start covering these popular drugs, it would likely affect premiums.

However, there could be offsetting cost benefits. Consider that:

- These drugs often result in a significant drop in blood-sugar levels, reducing the risk of diabetes-related complications.
- GLP-1s yield an average weight loss of 15 to 20%, and about one-third of users lose approximately 10% of their body weight, according to a study.
- Multiple studies have shown that they can reduce the risk

of cardiovascular events, including heart attack, stroke and death.

- The drugs may help people cut back on drinking, according to a study published in *JAMA*.

A final word

It's still unclear if the Trump administration will finalize this proposed rule. Much will depend on Robert F. Kennedy Jr., the new secretary of the HHS. He has stated his intention to "make America healthy again," but he has also been critical of vaccines and other medications in the past. ❖

The Hidden Impact of Chronic Conditions in the Workplace

CHRONIC HEALTH conditions are a growing problem for workers, damaging their well-being, productivity and job satisfaction, according to a new study.

The “U.S. Employee Perspectives on Managing Chronic Conditions in the Workplace” poll by the Harvard T.H. Chan School of Public Health and the de Beaumont Foundation found that 58% of U.S. employees report having a physical chronic health condition such as hypertension, heart disease, diabetes or asthma.

Among them, 76% need to manage their condition during work hours, yet 60% have never formally disclosed their health issues to their employer.

This lack of disclosure can create issues for both the employer and worker, affecting productivity, job satisfaction and overall workplace well-being.

Implications

Each year, chronic conditions account for \$1.1 trillion in health care costs and \$2.6 trillion in lost productivity, including \$36.4 billion in employee absences, according to Kaiser Permanente.

Employees with chronic health conditions may be keeping mum for a variety of reasons, including:

- Fear of stigma,
- Concerns about missed work opportunities, and
- Negative performance reviews.

How these workers react

- 36% have skipped medical appointments or delayed care to avoid interfering with their job.
- 49% felt unable to take time off or even a break despite needing one for their health.
- 33% reported missing out on additional work hours or projects due to their condition.
- 25% believe they have been passed over for a promotion because of their health issues.

Unaddressed chronic health conditions contribute to:

- Absenteeism,
- Decreased performance, and
- Increased turnover.

Beyond managing their own health, many employees also care for family members with chronic conditions. One-third of workers have had to help a family member with a

chronic illness in the past year, and 45% of those caregivers needed to do so during work hours.

How employers can help

Employers can support staff with chronic conditions by:

Promoting open dialogue – Create a culture where employees feel safe discussing their health needs confidentially. Help them access necessary accommodations without fear of judgment or career repercussions.

Encouraging regular testing and doctor’s visits – Encourage your staff to take advantage of their health plans’ benefits, like annual blood work and health exams, and to follow physician-recommended regimens.

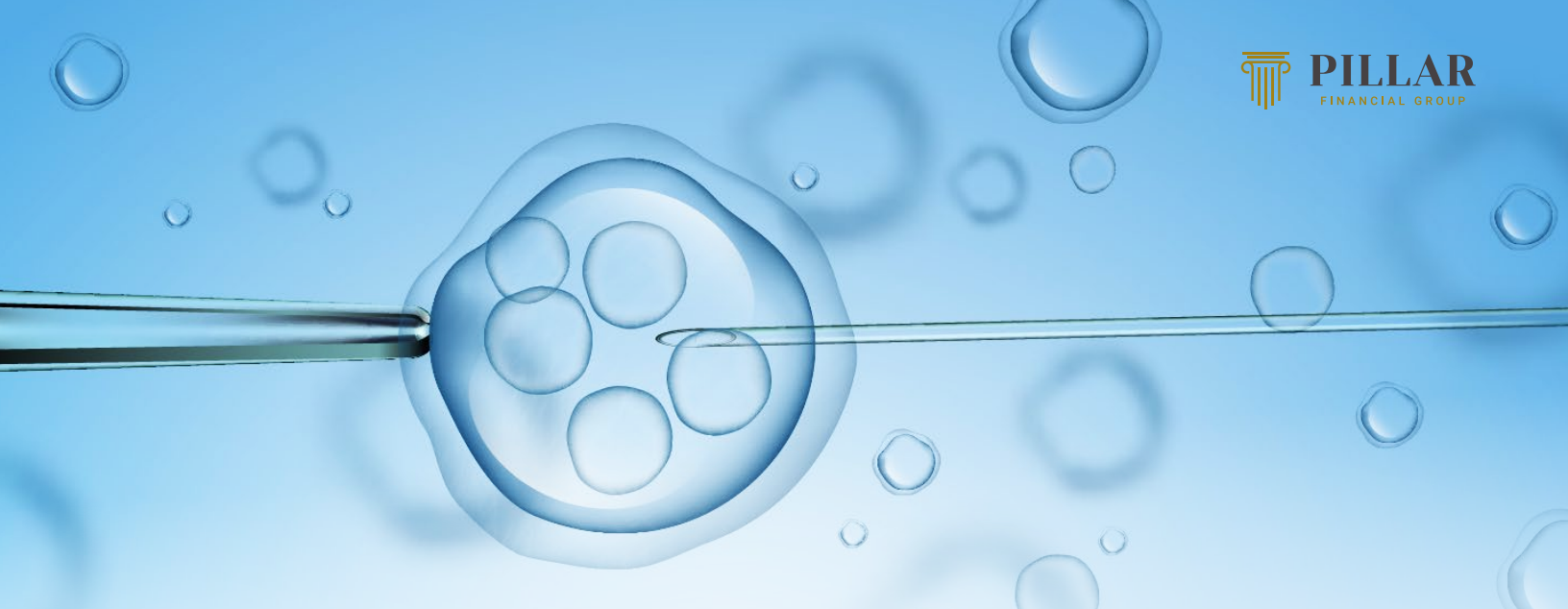
Offering flexible scheduling and remote work options – Allow employees to adjust their schedules or work from home when needed to tend to medical needs.

Improving paid leave policies – Provide paid leave to help employees address their own or their family’s health needs.

Promoting wellness programs – Offer resources such as health coaching, on-site screenings and wellness incentives that encourage employees to prioritize their health. Offer programs focused on tobacco and alcohol cessation.

Training managers to support employees – Educate supervisors about chronic illnesses and workplace accommodations to help create a more inclusive and understanding environment. ❖





Trump Action

Executive Order on IVF: What HR Leaders Need to Know

PRESIDENT DONALD Trump, while campaigning, promised his administration would ensure in-vitro fertilization treatments were either covered by insurance or directly paid for.

However, his recent executive order, issued on Feb. 18, stops short of outlining specific policies to accomplish this. Human resources executives are taking a wait-and-see approach to the order, as it directs the assistant to the president for domestic policy to submit “a list of policy recommendations on protecting IVF access and aggressively reducing out-of-pocket and health plan costs for IVF treatment” within 90 days.

IVF is a costly procedure, with a single cycle typically ranging from \$15,000 to \$20,000.

While some employers — primarily large corporations — have expanded fertility benefits, many workers still lack access.

More than 20 states have laws requiring certain health plans to cover some fertility treatments, but these mandates exclude self-funded employer plans, which cover 61% of insured workers.

As a result, only a small percentage of employees benefit from these requirements. Some large employers have turned to third party fertility benefit providers, which operate outside traditional health plans, to offer IVF coverage.

Actions taken at the state level

According to legal experts, Congress would have to pass legislation to mandate broader health insurance coverage for IVF.

Recent legislative efforts have stalled. In 2023, the Right to IVF Act was introduced after the Alabama Supreme Court ruled embryos should be considered children, a decision that temporarily disrupted IVF access.

The bill, which aimed to protect IVF access, was blocked in Congress. Another bill, the bipartisan HOPE with Fertility Services Act, sought to amend the Employee Retirement Income Security Act to require insurers to cover infertility treatments, including IVF, but it died in a House of Representatives committee in 2024.

What HR leaders should watch

While this executive order signals a federal focus on IVF access, it does not provide immediate solutions. Employers should monitor policy recommendations expected within 90 days and potential legislative efforts that could mandate insurance coverage.

Still, there are a few points to consider for employers:

- **Cost management** – The order’s emphasis on reducing out-of-pocket and health plan costs for IVF treatments may require employers to review and potentially adjust their health plans to comply with new regulations or recommendations that emerge from this order. This could involve negotiating with insurance providers to cover IVF treatments more comprehensively.
- **Cost reduction** – The order calls for a reduction in the costs of IVF and employees’ out-of-pocket costs. Reallocating cost away from an employee’s out-of-pocket expenses to the health plan would make the entire employer health plan more expensive.
- **Regulatory compliance** – Businesses will need to stay informed about any new policies or regulations that arise from this order. Ensuring compliance with these changes will be crucial to avoiding legal issues.
- **Recruiting and retention** – Enhancing access to IVF treatments could be a significant benefit for employees, potentially improving employee satisfaction and retention. Corporations might consider promoting these benefits to attract and retain talent. ❖

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