

Benefits Insights

GLP-1 Coverage Cost-benefit Analysis



Over the past several years, glucagon-like peptide-1 (GLP-1) medications—such as Wegovy and Zepbound—have reshaped metabolic care. These drugs were originally developed for Type 2 diabetes, but now, when paired with diet and exercise, they are widely used for weight management, generating both curiosity and concern among employers and plan sponsors. In doing so, GLP-1s are creating complex financial decisions for employer-sponsored health plans.

With employee interest rising and clinical evidence expanding, many organizations are trying to determine whether offering GLP-1 coverage is worth the substantial and growing cost. According to KFF, 1 in 5 (19%) companies with 200 or more workers and 43% of firms with 5,000 or more workers covered GLP-1 drugs for weight loss in 2025. With demand at an all-time high, employers will likely continue to make decisions on an annual basis about GLP-1 coverage and cost containment strategies.

This article analyzes the costs and benefits of health plan coverage of GLP-1s.

Growing Demand and Expanding Eligibility of GLP-1s

Growing demand for GLP-1 medications continues to be a top factor in rising health care costs in 2026. Surveys find that more employers are covering GLP-1s for weight loss, causing a significant impact on employer-sponsored health care spending.

These drugs have gained rapid popularity from plan participants eager to lose weight and improve their overall health. Mounjaro, Ozempic and Rybelsus are approved for treating Type 2 diabetes but are commonly prescribed off-label for weight loss. Zepbound and Wegovy are drugs that use the same active ingredients but are approved to treat obesity for qualifying patients. In early 2026, the Wegovy pill became the first, and currently only, GLP-1 pill approved for weight loss. This approval represents a meaningful shift in obesity treatment. Until now, weekly GLP-1 injections have dominated the market due to their strong effectiveness. Oral versions tend to be slightly less potent, but their convenience could significantly expand GLP-1 use among people who prefer pills over injections.

Demand for GLP-1s is growing at a pace few treatments have matched. A recent RAND report revealed that 12% of Americans have used GLP-1 medications for weight loss, and 14% are interested in using the drugs. Moreover, the number of prescriptions for these drugs has more than tripled since 2020. Furthermore, according to KFF, more than 57 million privately insured adults—over 40% of those with employer-sponsored coverage—meet clinical eligibility for GLP-1 medications based on diagnoses of obesity, Type 2 diabetes or overweight status with additional risk factors. Despite this, fewer than 1 in 5 employers with over 200 employees currently cover GLP-1s for weight loss purposes, even as employee interest continues to climb steadily.

This gap between eligibility and access is placing pressure on employers to consider whether providing GLP-1 coverage is a necessary component of a competitive benefits package. At the same time, broader eligibility means broader financial exposure if coverage is granted without thoughtful guardrails.

Understanding the Financial Impact of GLP-1s

The financial costs associated with GLP-1 coverage stem largely from the medications' high and persistent price point. In previous years, GLP-1 medications typically cost around \$1,000 per month without insurance. Now, some GLP-1s have as low as a \$25 copayment, and, in general, some drugs have gone down in price due to market trends and most-favored-nation (also known as MFN) pricing agreements between pharmaceutical companies and the United States.

GLP-1s are intended to be taken long-term to fully achieve their benefits. This means that GLP-1 users may experience health benefits but will be required to use these high-cost treatments on an ongoing basis, placing GLP-1s among the most expensive chronic medications employers cover on a recurring basis. These prices have immediate implications for pharmacy benefit budgets, especially as utilization accelerates.

According to the International Foundation of Employee Benefit Plans, GLP-1 prescriptions accounted for 10.5% of annual pharmacy claims in 2025 across many employer-sponsored plans, a sharp increase from 6.9% in 2023. The effect on health plan premiums is equally significant. According to the Employee Benefit Research Institute, simulation modeling indicates that expanding GLP-1 coverage can raise employer health premiums by 6% to nearly 14% annually, depending on how widely the drugs are made available and how consistently members remain on therapy. Even with cost-sharing strategies such as copayments, the impact on premiums is minimal.

Furthermore, a recent 2026 report from risk consulting firm Aon suggested that workers' sustained GLP-1 use can reduce employers' costs over time. Analysts analyzed data from more than 50 million people over two years, including 192,000 GLP-1 users. By the 30-month mark, medical cost growth was 6% lower among people with Type 2 diabetes who used GLP-1s than among those who didn't.

The Benefits of GLP-1s Beyond Cost

Employers offering coverage report improved employee satisfaction and retention, particularly as obesity treatment becomes a more prominent priority for working-age adults. In some industries, GLP-1 coverage is increasingly viewed as a differentiator in the competition for talent, helping organizations both stand out to prospective employees and retain current talent. In fact, the [2026 NFP U.S. Benefits Trend Report](#) revealed that 29% of employees would be willing to switch employers to gain access to GLP-1 benefits.

However, these benefits often hinge on sustained GLP-1 use. Recently, Oxford researchers published that around half (45%) of GLP-1 users globally discontinue treatment within 12 months. Patients with obesity only had a higher prevalence of discontinuation versus those with Type 2 diabetes or those with both conditions. As such, employers may struggle to realize the full health and productivity improvements unless coverage is paired with sustainable, effective lifestyle and behavioral support programs.

GLP-1 Benefit Analysis

Early evidence shows that GLP-1s reduce certain medical expenses—particularly hospitalizations tied to diabetes complications and other chronic conditions that are more prevalent with obesity. According to a case study by global insurance brokerage AssuredPartners, GLP-1 drug use reduced medical costs for users by roughly \$560 per user per year. However, it was further noted that these savings are far outweighed by the \$6,540 average annual drug cost for GLP-1 therapy, making the short-term return on investment (ROI) negative for most employers.

Furthermore, the Centers for Disease Control and Prevention reports that obesity costs the U.S. health care system nearly \$173 billion every year. Additionally, a National Library of Medicine report found that adult obesity is associated with average annual increased medical costs of \$1,861 per person. Severe obesity was associated with additional costs of \$3,097 per adult, while other studies have found a financial impact of around \$2,500. With studies finding a cost-benefit range of around \$500 to thousands of dollars per employee, it can be difficult for employers to determine how this benefit could directly impact their workplace and if it is worth the cost.

While employees with obesity do cost employers more each year, GLP-1s can help provide substantial health improvements. Users experience meaningful weight loss, better metabolic control and reduced cardiovascular risk, including lower rates of heart failure, stroke and obesity-related complications. These benefits often translate into fewer inpatient hospitalizations and may contribute to long-term improvements in workforce health.

Why Financial ROI Remains Challenging

The most difficult aspect of the GLP-1 cost-benefit equation is adherence. While consistent medication use improves outcomes, it also increases claims costs because of prolonged exposure to high monthly drug prices. Models show that premium increases are several percentage points higher when adherence is perfect compared with real-world adherence patterns, largely because costs rise more quickly than clinical savings in the short term. In addition, it can be difficult to combine all of the factors, such as health risks, employee retention and culture, to get the full ROI picture. As with many benefits choices, the right choice can vary significantly by employer.

Given that an employee is likely to remain on an employer's plan for roughly four years—the average American worker tenure—the timeline for recouping costs through reduced medical utilization is often too short. This mismatch helps explain why GLP-1 coverage remains financially challenging even as the clinical value becomes clearer.

How Employers Are Controlling Costs

In response, many organizations are adopting more refined and targeted approaches, including the following, rather than offering unrestricted GLP-1 coverage:

- **Limit plan eligibility.** Many plan sponsors limit eligibility to tightly defined clinical categories, such as U.S. Food and Drug Administration-approved indications for Type 2 diabetes or obesity meeting specific body mass index thresholds, supported by standardized medical documentation.
- **Require prior authorization for coverage.** Prior authorization and step therapy programs have also become common, ensuring that members try lower-cost or lifestyle-focused interventions before advancing to GLP-1 therapy. More than half of employers who do cover GLP-1s for weight loss require participation in lifestyle or wellness programs, recognizing that behavior change strengthens outcomes and may reduce long-term reliance on medication.
- **Expand access through third-party programs.** Many employers are turning to direct-to-employer prescription drug platforms, such as Eli Lilly's Employer Connect, to offer comprehensive obesity care and support services. This type of partnership allows employers to design programs tailored to their needs, while preserving both provider and patient choices.
- **Explore alternative plan designs.** Flexible spending accounts (FSAs) and health reimbursement accounts (HRAs) are increasingly used to provide financial support without fully inserting GLP-1s into major medical benefits, offering employers cost predictability while preserving some level of access for employees. GLP-1s are considered eligible medical expenses if they're prescribed to treat a specific medical condition, such as Type 2 diabetes or obesity. Even for plans that don't cover GLP-1s for weight loss, an HRA or FSA could make affording these medications more feasible for some employees.

Using pre-tax dollars in an HRA can help cover a portion of the cost of GLP-1s. Employees submit claims and proof of payment for eligible expenses and then receive reimbursement from the HRA.

Conclusion

GLP-1 medications can be a powerful tool for addressing Type 2 diabetes and obesity, offering impressive clinical benefits and the potential to support healthier, more productive employees. Yet these advantages come at a high price. For most employers, broad GLP-1 coverage increases overall health care spending and raises premiums, but does provide some benefit to offset these costs. The most effective strategies may balance access with financial stewardship—focusing on targeted eligibility, strong utilization controls, integration with lifestyle programs and innovative plan designs.

As the GLP-1 market evolves and potentially lower-cost options emerge, employers who adopt measured, data-driven approaches today will be best positioned to adapt their benefits strategy. Contact us for more information.