

People Want GLP-1s. Will Employers Adapt?

Workplaces that provide health insurance are balking at the high cost and long-term commitment the drugs require.

By Connor O'Neal

What started as a breakthrough treatment for Type 2 diabetes has evolved into a phenomena reshaping employer health benefits, pharmacy operations, and insurance plans. GLP-1 drugs are more popular than ever.

Today, 11% of U.S. adults currently take GLP-1 (glucagon-like peptide-1) medications for weight loss, up significantly from 3% in 2024, according to a survey from Gallup, a global analytics and advisory firm. Further, 15% report having used the medicine for weight loss at some point, underscoring how rapidly medications such as Ozempic, Wegovy, Zepbound, and Mounjaro have entered our lives.

The growing demand is forcing Minnesota employers, insurers, and pharmacies to answer difficult questions: Who should receive coverage? How much should employers pay? And what happens as the medications become less expensive and more widely available?

“The costs are real and do grow quite quickly,” says Nick Rogers, vice president and chief pharmacy officer at Medica.

Who gets coverage?

GLP-1s mimic a naturally occurring hormone that regulates blood sugar and appetite. By slowing digestion, increasing insulin production, and helping patients feel full longer, they have transformed treatment for both Type 2 diabetes and obesity. The drugs are used as daily oral pills or injections (more common).

However, they are not cheap. Without insurance, pharmacists estimate monthly out-of-pocket costs ranging from \$400 up to \$1,000. But with an insurance plan, prices can drop to between \$0 and \$150, depending on coverage.

“The question is no longer whether GLP-1s work,” says Josh Trent, Marsh McLennan Agency’s Upper Midwest Employee Health & Benefits Practice Leader in Minneapolis. “The real question now is how to provide access in a way that’s both clinically responsible and financially sustainable.”

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It is most common for an employer to offer insurance coverage for GLP-1s to treat Type 2 diabetes, which is a disease process, rather than for weight loss management.

According to Marsh McLennan's 2026 National Benefits Strategy Survey, nearly half of employers (48%) do not cover GLP-1 medications for weight loss and have no plans to add the benefit. Only 4% offer unrestricted coverage for both diabetes and obesity, while 30% cover diabetes but limit weight-loss coverage through prior authorization or other eligibility requirements.

Industries that tend to have more generous benefits (pharma, technology, finance, regulated utilities) are more likely to offer coverage for GLP-1s, over industries with higher employee turnover like retail and hospitality.

"Coverage for GLP-1 weight loss treatment is decreasing," Trent adds, "due to stricter eligibility, caps, and prior authorization requirements."

Beyond cost

According to Trent, "[Employers are] asking questions like, 'How many employees are likely to use it? Will those employees stay with us long enough for us to realize the long-term health savings? Can we manage utilization appropriately?'"

Return on investment through insurance coverage has become central to nearly every employer conversation by achieving lower health care utilization through weight loss. But, many of the financial benefits may not show up for several years.

Employers who offer broad GLP-1 coverage assume workers to be with them for at least 15 years. Their motivation is that they, "want people healthier and the diabetes risk to be down," explains Stephen Parente, a professor of finance at the University of Minnesota's Carlson School of Management.

However, "the industry coverage pattern is not absolute," adds Jeff Levin-Scherz, population health leader, North America, health & benefits, for Willis Towers Watson

(WTW), a human resources consultancy. WTW has a corporate office in Bloomington.
Insurers' role

Health insurers are also noticing GLP-1 utilization rise. "We've seen ramped increases in the last few years," Rogers says. "At some point we will see that plateau as more consumers try it."

At Medica, every client employer group covers GLP-1 medications for FDA-approved diabetes indications. Coverage for obesity treatment, however, is determined by employer.

Rogers says those employers generally focus on two issues when evaluating obesity coverage: the overall cost of the medications and the percentage of patients who discontinue treatment before realizing long-term benefits.

A Blue Cross and Blue Shield of Minnesota (BCBS) spokesperson tells Twin Cities Business that employer decisions largely mirror national trends, with larger self-insured organizations more likely than smaller employers to include weight-management coverage.

BCBS's monthly spending on GLP-1s in its client small group segment has more than tripled since the beginning of 2023.

A challenge for insurers is if an employer comes to them asking for GLP-1 coverage for cosmetic purposes. "[Insurers] will treat it like cosmetic medicine, which they don't cover," Parente says. "If you have documented obesity that is a health risk, then insurers are more receptive."

Levin-Scherz notes the consulting firm is seeing more drug manufacturers sell GLP-1s directly to consumers, bypassing employer and insurer decisions.

Compounding pharmacies still fill GLP-1s

Lloyd's Pharmacy in St. Paul has been filling GLP-1 prescriptions since some of the early commercial variants received FDA approval this decade. Lloyd's pharmacist Mark Stage makes medications with semaglutide, the active ingredient that mimics most GLP-1 hormones, and puts it in oral doses for people without insurance to purchase on a monthly basis.

"We started that model to make it available to people when there were inventory issues,"

Stage explains.

He estimates Lloyd's fills 60-80 units per month. That number would be higher if the pharmacy still dispensed newer medicines like Zepbound. But Lloyd's doesn't fill that brand due to poor reimbursement rates from insurers. "We started instantly losing significant money. We couldn't sustain that."

Compounded GLP-1 medications gained popularity during nationwide shortages, when the FDA allowed licensed pharmacies to produce alternatives.

Gallup's survey found nearly 70% of current GLP-1 users take FDA-approved brand-name medications, compared with 19% using the generally cheaper, compounded versions. Patients typically need a specific medical reason—such as requiring a dosage unavailable commercially—before compounded medications are considered appropriate. But federal regulators are warning consumers that compounded GLP-1s are not FDA-approved and may carry risks, including dosing errors.

What could change employers' minds?

Although GLP-1s remain among the most expensive medications insurers cover, Rogers says list prices are beginning to decline. Wegovy and Ozempic plan to cut their list prices by up to half starting next year. "That lowering will come with reduction in rebates, but it may not change net costs," Rogers explains. Levin-Scherz adds that if oral GLP-1 medications dropped in price, it could significantly change employer benefit decisions.

"If these cost much less, I don't think there would be a debate about coverage given their clinical effectiveness," he says. Parente believes the jury is still out on the future of GLP-1s. He believes employers will likely continue to look for evidence that the medications improve long-term health while reducing total health care spending.