



# GLP-1s

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Impact on Medical Trend and Reinsurance

# Introduction

Glucagon-Like Peptide-1 (GLP-1) receptor agonists have emerged as transformative treatments for type 2 diabetes and, increasingly, for obesity management. Following high-profile product launches such as Ozempic, Wegovy and Mounjaro, plan sponsors and reinsurers alike have seen a marked uptick in prescription spend on these medications. In parallel, questions about the long-term medical cost implications — both positive and negative — have intensified.

This whitepaper delves into the potential risks and implications for payers and employers arising from the increasing use of GLP-1 therapies, beyond the headlines. It highlights the importance of understanding the facts, as these therapies could impact both specific high-excess claims and aggregate stop-loss coverage. While there is initial evidence of significant improvements in obesity-related comorbidities, the immediate effects on claims cost and risk are still uncertain.

By synthesizing current research, survey responses from carriers, and early market data, this whitepaper aims to provide a clearer understanding of how GLP-1 therapies may influence medical trends, underwriting, and claim severity in both the near and long term.

## CURRENT HEADLINES FROM NOTED NEWS SOURCES

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“Popular GLP-1 medications may have health benefits that extend beyond weight loss and blood sugar control, a new study finds”

**CNN** 1/20/2025 [Read the article →](#)

“Doctors warn patients to be aware of counterfeit weight loss medications online as GLP-1 drugs spike in popularity”

**Healthline** 1/03/2025 [Read the article →](#)

“Obesity drugs: huge study identifies health risks — weight loss medicines such as Ozempic might raise a person’s likelihood of developing conditions including arthritis”

**Nature** 1/20/2025 [Read the article →](#)

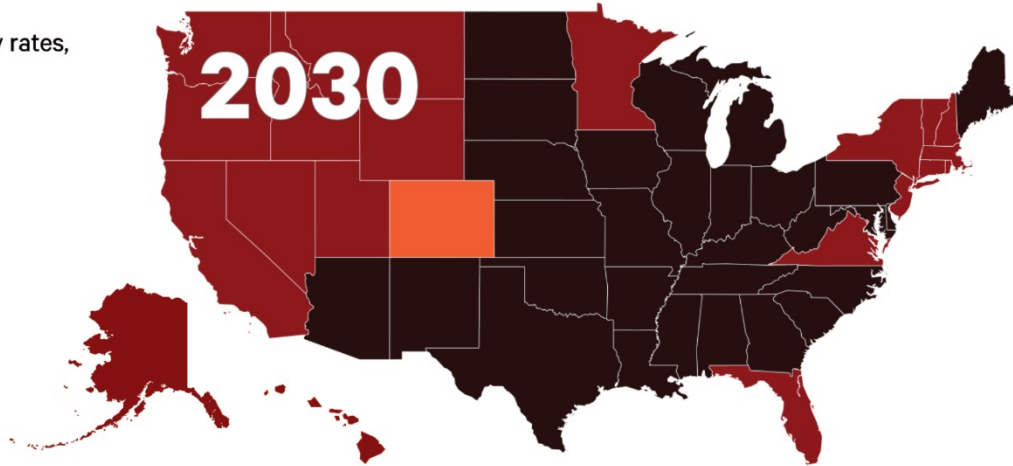
“Patients are suing over alleged side effects of weight loss drugs”

**Time** 11/4/2024 [Read the article →](#)

# Nearly half of Americans will have obesity by 2030

U.S. Obesity rates,  
1990-2030

- <20%
- 20-29%
- 30-39%
- 40-49%
- 50-59%



Childhood Obesity Intervention  
Cost-Effectiveness Study

Ward ZJ, Bleich SN, Cradock AL, Barrett JL, Giles CM, Flax CN, Long MW, Gortmaker SL. Projected U.S. State-Level Prevalence of Adult Obesity and Severe Obesity. N Engl J Med. 2019;381:2440-50. doi: 10.1056/NEJMs1909301

## 1. Market Landscape and Cost Trends

Recent data from multiple sources, including Brown & Brown’s 2024 Employee Benefits Market Trends Report, indicate that GLP-1 utilization is growing rapidly and now accounts for at least 9% of overall prescription spending in many employer-sponsored plans. To illustrate the scale of this expansion, the non-specialty Rx trend has risen from approximately 3.2% in 2023 to between 10% and 12% in 2024, largely attributed to the escalating use of GLP-1 receptor agonists. Business Group on Health projects a 7.8% increase in healthcare spend in 2025 (adjusted to 6.6% once plan changes are accounted for), and the portion of that trend tied to GLP-1 therapies remains dynamic and somewhat difficult to isolate.

Gallagher Re’s own calculations have indicated that GLP-1 drugs could ultimately drive a 1% to 2% addition to overall medical trend. These figures stem from analyzing per-member-per-month (PMPM) costs for non-specialty Rx and comparing them to total medical PMPM.

	Low End of Range	High End of Range	Comment
Non-Specialty Rx Trend Increase	7%	9%	Increase from 3.2% to 10-12% per Brown & Brown
Estimated % due to GLP-1s	80%	100%	Assumes majority due to GLP-1s
Non-Specialty Rx Avg PMPM	\$125	\$135	Assumption*
Excess GLP-1 Trend PMPM	\$7	\$12	
Assumed Overall Medical Avg PMPM	\$650	\$650	Assumption*
Excess GLP-1 Trend as % of Total Medical Trend	1.0%	1.9%	<< Estimated Impact in 1% to 2% range

\* Avg Overall Medical and Non-Specialty Rx PMPM costs assumptions were estimated from the 2024 AV Calculator.

“Obesity will cost the US up to \$9.1 trillion in medical costs over the next decade, House GOP warns”

**Congressman David Schweikert**  
Arizona’s 1st District

[Read the article →](#)



## 2. Reinsurance Strategy Considerations

### 2.1 Specific (High-Excess) Claims – Per Member Exposure

Respondents to recent market surveys — compiled by Gallagher Re — were largely in agreement that the immediate effect of GLP-1s on specific stop-loss coverage is negligible. GLP-1 medications cost in the range of \$10,000 to \$12,000 per member per year, and they typically do not breach common high-excess deductibles.

However, costs tied to complications of using these therapies, such as pancreatitis, gallbladder disease or severe gastrointestinal issues, may increase exposure to large claims. Thus far, insurers do not see a dramatic increase in catastrophic claims linked directly to GLP-1 usage, although some note that future expansions of GLP-1 indications (e.g., heart failure, Alzheimer’s) could alter (reduce) high-excess risk profiles over time.

### 2.2 Aggregate (Total Claim Exposure)

While GLP-1 use has not significantly affected specific stop-loss rates, most insurance carriers anticipate a modest impact on aggregate medical cost trends. Because many employees and dependents are adopting GLP-1 therapies for weight loss or pre-diabetes — often beyond strictly type 2 diabetes indications — carriers forecast a rising aggregate PMPM. As an example, for a group of 150 employees and 150 dependents, if even 20% of eligible members initiate a \$10,000-per-year GLP-1 therapy, the aggregate spend exposure could increase by \$600,000. Although actual utilization rates may vary significantly, carriers are recalibrating their underwriting manuals each year to capture this evolving risk.

## 3. The Uncertain Future — Long-Term Savings

GLP-1 therapies hold promise for reducing the burden of chronic diseases such as cardiovascular disease, type 2 diabetes, and potentially even Alzheimer’s. If the drugs meaningfully lower the incidence of high-severity conditions, the reinsurance market could see long-term declines in large claims tied to obesity-related comorbidities. However, the short-term reality is more nuanced.

Recent studies from Prime Therapeutics indicate that up to 85% of patients discontinue GLP-1 therapies within two years, driven partly by side effects, cost, or insufficient weight-loss maintenance. A separate analysis posted on medRxiv found that around 46% of patients with type 2 diabetes and 65% of those without discontinue treatment within one year—but over half of the discontinuers may reinitiate therapy if they regain weight.

Low adherence rates and episodic therapy patterns complicate projections of downstream savings. Although carriers and reinsurers generally accept that GLP-1s can mitigate conditions like type 2 diabetes and reduce cardiovascular events, the net effect on claims remains to be confirmed. Adverse events — such as pancreatitis, gallbladder disease, and other gastrointestinal complications — may trigger near-term inpatient or surgical costs that partially offset any longer-term gains.

5 Year Net Cost of GLP-1 Script		
	High-Risk*	Low-Risk**
Savings from Improved Health	-\$31,797	-\$671
Cost of GLP-1 prescription	\$62,520	\$62,520
<b>Net Plan Cost</b>	<b>\$30,733</b>	<b>\$61,849</b>

\*High-Risk defined as one chronic disease or BMI > 40  
 \*\*Low-Risk defined as BMI < 40 and no chronic diseases  
 Note: net costs are for the average commercial population

**Figure 3:** The 5-year net cost of a GLP-1 prescription for a single high-risk versus low-risk patient. **Source:** Garner





## 4. Elective Surgery and Additional Exposure

An emerging topic among medical risk experts involves whether GLP-1-induced weight loss could either increase or decrease elective surgeries. For instance, some respondents expect fewer joint replacements if a patient's weight loss diminishes the chronic stress on joints. Others foresee a paradoxical surge in these surgeries once patients become eligible due to lower BMI. In addition, skin reduction surgery and hernia repair may become more common if patients experience significant weight loss, further influencing aggregate trends.

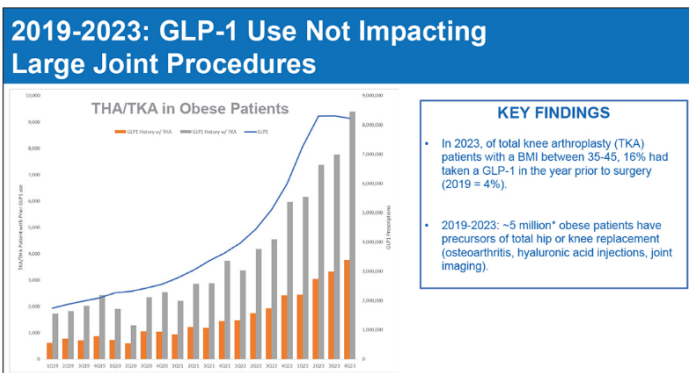
From an underwriting perspective, it is prudent to track these elective procedures as potential cost drivers. Carriers also point to coverage inconsistencies across third-party administrators (TPAs), with some GLP-1 weight-loss prescriptions being covered erroneously. Ensuring that plan design aligns with underwriting assumptions is critical.

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## 5. Reinsurance Industry Outlook and Considerations

Given the uncertainty around adherence and clinical outcomes, many stop-loss and reinsurance carriers are waiting for more robust claims data before implementing targeted surcharges or discounts related to GLP-1 coverage. Most remain open to the possibility that, as real-world evidence accumulates, underwriting models may incorporate both the favorable downstream impact (e.g., reduced obesity complications) and the near-term cost challenges (e.g., side effects, rising prescription costs, and increased surgical utilization).

Moreover, the pipeline for weight-management medications continues to expand. Compounded versions of GLP-1s and potential biosimilars may reduce unit costs, but they might also bring new complexities regarding safety and efficacy. For reinsurance carriers, monitoring these developments is essential for annual updates to aggregate trend assumptions.



**Fig. 1 Graph of the number of obese patients undergoing total hip arthroplasty (THA) or total knee arthroplasty (TKA) with and without a history of glucagon-like peptide-1 (GLP-1) medications**

**\*Note: Not Representative Of Total Addressable Market**

Zimmer Biomet. Based On Custom Analysis Conducted By Iqvia For Zimmer Biomet Using Medical Claims Data From The Following Sources: Iqvia Hx Institutional Claims, Iqvia Dx Professional Claims, And Iqvia Lrx Prescription Claims For The Period 2019 Through 2023, Reflecting Estimates Of Real-World Activity. Copyright Iqvia. All Rights Reserved.

# 6. Future Outlook of GLP-1 Therapies.

The future of GLP-1 receptor agonists is poised to significantly influence both the medical and insurance landscapes. As these therapies continue to evolve, several key trends and developments are anticipated:

## 6.1 Expanded Indications and Applications

GLP-1 therapies are currently being explored for a range of conditions beyond type 2 diabetes and obesity, including non-alcoholic steatohepatitis (NASH), cardiovascular diseases, and neurodegenerative disorders such as Alzheimer’s disease. These expanded indications could potentially alter the risk profiles and cost structures associated with these medications, significantly increasing risk exposure to both specific and aggregate stop-loss claims.

## 6.2 Improved Formulations and Patient Compliance

Advancements in GLP-1 formulations, such as longer-acting injections and oral versions, are expected to improve patient adherence and convenience. This could lead to more consistent therapeutic outcomes and potentially reduce the incidence of obesity-related comorbidities, thereby influencing long-term claims trends.

## 6.3 Combination Therapies and Personalized Medicine

The development of combination therapies involving GLP-1s and other medications may enhance efficacy and broaden therapeutic applications. Additionally, personalized medicine approaches could optimize treatment plans based on individual patient profiles, potentially improving outcomes and reducing costs.

## 6.4 Market Growth and Regulatory Approvals

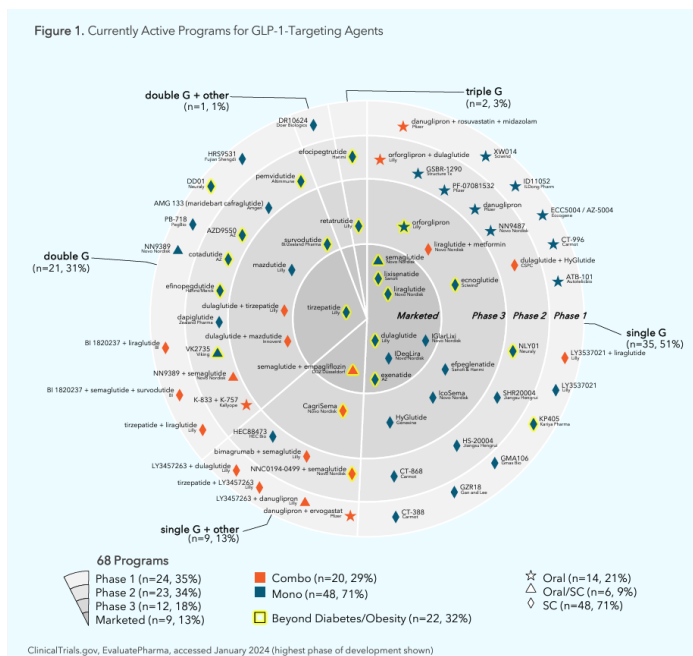
The market for GLP-1s is projected to grow as more individuals are diagnosed with diabetes and obesity and as awareness of these therapies increases. Continued regulatory approvals for new indications and formulations will likely expand their use, necessitating ongoing adjustments in underwriting and pricing models.

## 6.5 Potential Impact on Long-Term Medical Costs

While the short-term cost implications of GLP-1 therapies are still being assessed, their potential to reduce the burden of chronic diseases could lead to significant long-term savings. However, this will depend on improved adherence rates and the realization of substantial clinical benefits. For reinsurance carriers, monitoring these developments is crucial for refining aggregate trend assumptions and underwriting guidelines. As the pipeline for weight-management medications expands, including potential biosimilars, carriers must remain vigilant about safety, efficacy, and cost implications.

Approval Timeline	Wegovy	Ozempic	Mounjaro	Rybelsus
Q1 2025			Obstructive Sleep Apnea	
Q2 2025		MASH Diabetic-related kidney disease	Obesity-related HFREF	
Q3 2025		PAD in DM2		
Q4 2025				Risk reduction of MACE with DM2 and CVD

**Abbreviation Key:** HFREF – Heart Failure with Preserved Ejection Fraction, MASH – Metabolic Dysfunction-Associated Steatosis Hepatitis (previously known as NASH – Non-alcoholic steatohepatitis), PAD – Peripheral Artery Disease, DM2 – Type 2 Diabetes, CVD – Cardiovascular Disease low-risk patient.



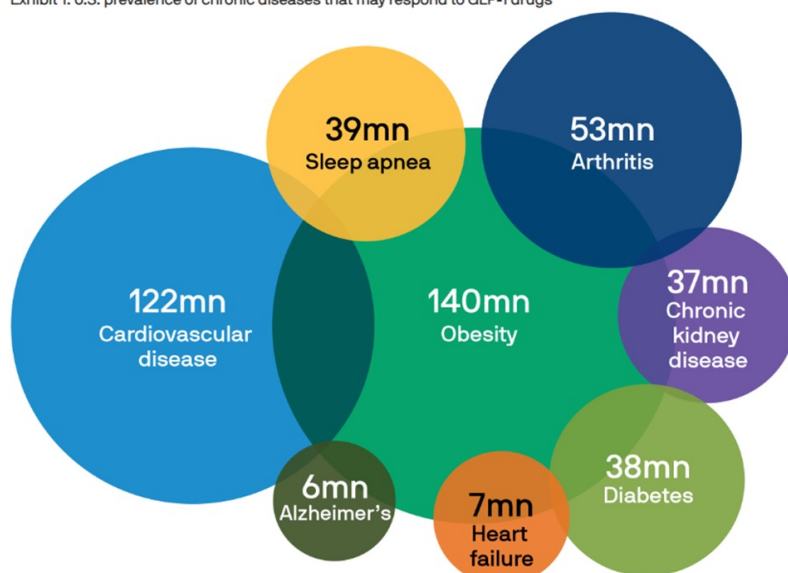
## Conclusion

GLP-1 therapies are already transforming the prescription drug landscape and are poised to further influence overall medical spending. While the immediate effects on specific stop loss remain modest, aggregate rates are more vulnerable to fluctuations due to increased GLP-1 utilization and potential side effects and elective surgeries. In the long term, GLP-1 therapies hold promise for reducing obesity-related costs, contingent on improved adherence rates and documented clinical benefits. As these therapies continue to reshape medical trends and insurance structures, reinsurance providers will need to adapt their strategies to align with the evolving risk profile introduced by GLP-1 therapies.

For now, carriers and reinsurers appear to be exercising caution, embedding broad-based trend increases in their aggregate pricing models without instituting major GLP-1-specific surcharges. The eventual balance between short-term cost spikes and long-term clinical savings will hinge on continuing research, evolving underwriting guidelines, and real-world adherence outcomes. As the data matures, reinsurance providers may refine rating structures to align more precisely with the nuanced risk profile that GLP-1 therapies introduce.

### An enormous patient pool suffers from conditions that GLP-1 drugs may address

Exhibit 1: U.S. prevalence of chronic diseases that may respond to GLP-1 drugs



Source: Alzheimer's Association, American Diabetes Association, American Heart Association, Centers for Disease Control and Prevention, Journal of Cardiac Failure, National Council on Aging, National Institute of Diabetes & Digestive & Kidney Diseases, World Obesity Federation, J.P. Morgan Asset Management; as of January 2024.

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This whitepaper is based on the November 2024 presentation "GLP-1's: Impact on Medical Trend Research." Projections are subject to change as additional clinical and market data emerge.

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