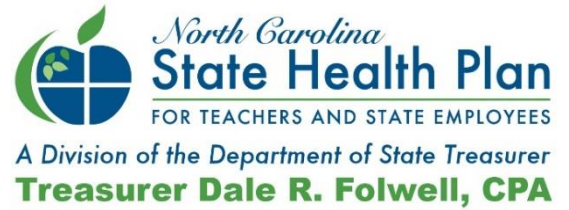


# STATE HEALTH PLAN – GLP-1 Weight Loss Drugs, Revenues and Expenditures Fact Sheet



Per the request of the Board of Trustees at the October board meeting, we are supplying the following facts and figures about the Plan's finances.

The State Health Plan (Plan) is facing a decrease in its cash position of nearly \$250M following calendar year 2023. Without action, the gap between revenue and expenses is expected to grow in future years.

## **Funding**

- The revenue for the Plan comes almost entirely from premiums paid by employees, retirees, the Retiree Health Benefit Fund, and employers.
- The board votes annually to set employee, retiree, and employer premium rates. The General Assembly is responsible for establishing the maximum amount that the board can charge employers and the Retiree Health Benefit Fund and ensuring that funds appropriated to agencies and the Retirement Systems Division are sufficient to cover the premiums.

## **Employee Premiums**

- Employee premiums differ depending on the plan selected, dependent coverage, and tobacco credits. The largest share of state employees and teachers pay an individual premium of \$25 per month for the Base PPO Plan (70/30) or \$50 for the Enhanced PPO Plan (80/20).
- Employee premiums for the standard PPO plans have not increased since 2018. Salaries and retirement benefits have not been keeping pace with inflation, so increasing premiums would further erode employees' and retirees' purchasing power.
- Between FY 2017-18 and FY 2022-23, overall inflation as measured by the CPI-U was 20.8%, while legislative increases to state salaries totaled 13.7%. For the average state employee, this amounts to almost \$3,500 less purchasing power in 2023 than in 2018.
- The Plan covers approximately 740,000 members, so, each \$1 increase in monthly premiums per person could potentially generate \$8.9 million annually, if it were applied equally to each employee, retiree, and dependent and assuming membership did not decline due to higher premiums.
- Currently, some retirees are offered premium-free options, family premiums do not differ by family size, and contributions for the fully insured Medicare Advantage products are limited to the amount charged by the insurer plus the Plan's administrative expenses. If the board opted to keep these limits in place, the amount generated by each \$1 increase would be closer to \$5 million.

## **Weight Loss GLP-1s**

- For calendar year 2023, weight-loss GLP-1s are expected to account for approximately 10% of the Plan's pharmacy spending, after rebates. If the Plan continued to cover these medications for new users, the cost is expected to grow quickly.
- The impact on premiums per subscriber for continuing to cover GLP-1s for weight loss would be \$48.50 per month. The Physician's Committee for Responsible Medicine reported that the premium cost of covering GLP-1s is roughly \$14.50 per month for every 1% of members expected to utilize them. This is consistent with our \$48.50 finding.
- Given that the premiums paid by the lion's share of state employees and teachers are \$25 per month for the 70/30 and \$50 for the 80/20 plan, tacking on \$48.50 for GLP-1s would be significant.