Congressional Budget Office
Nonpartisan Analysis for the U.S. Congress

The Federal Perspective on Coverage of Medications to Treat Obesity: Considerations From the Congressional Budget Office

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Presentation at the National Institute of Diabetes and Digestive and Kidney Diseases Workshop “Leveraging Real-World Evidence to Assess Benefits and Risks of GLP-1-Based Therapies”

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For more information about the event, see www.niddk.nih.gov/news/meetings-workshops/2025/leveraging-real-world-evidence-2025.

CBO's Role in the Policymaking Process

What Information Does CBO Generally Provide to the Congress?

The agency provides analysis of budgetary and economic issues that is objective and impartial. Those analyses include the following:

- **Baseline projections**—projections of federal spending and revenues under current law that help the Congress formulate its budget plan.
- **Cost estimates**—estimates of legislative proposals' effects on the federal budget that help the Congress stay within its budget plan.
- Estimates of the economic and budgetary effects of **policy options**.

CBO is strictly nonpartisan and does not make policy recommendations.

CBO's Estimates Have Certain Characteristics

The estimates focus on the next 10 years but sometimes look 20 years or more into the future.

They reflect the middle of the distribution of likely outcomes.

They incorporate behavioral responses to the extent feasible, on the basis of the available evidence.

They may be updated to reflect new information and may change as a result.

And they include explanations of the analysis to the extent feasible.

CBO's Assessments Are Based on Detailed Analysis

CBO bases its assessments on:

- Detailed understanding of federal programs and revenue sources;
- Examination of the relevant research literature;
- Analysis of data reported by federal statistical agencies and other groups;
- Consultation with outside experts in academia, think tanks, industry groups, the private sector, and federal, state, and local agencies; and
- Discussion with CBO's Panel of Economic Advisers and Panel of Health Advisers.

How Would Medicare's Coverage of Anti-Obesity Medications Affect the Federal Budget?

Coverage of Treatments for Obesity Under Medicare

Medicare covers some treatments for obesity, including

- Bariatric surgery,
- Behavioral counseling by primary care providers, and
- Obesity screenings and intensive behavioral therapy.

Part D plans, which cover retail prescription drugs, are prohibited from covering anti-obesity medications (AOMs) as part of the standard prescription drug benefit, according to the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

Part D plans do cover glucagon-like peptide-1 (GLP-1) agonists for certain conditions, including type 2 diabetes and cardiovascular disease.

CBO's Analysis of a Policy Authorizing Medicare Part D to Cover Anti-Obesity Medications

In October 2024, CBO estimated that covering AOMs under Medicare Part D would cost the federal government more than it would save from reducing other health care spending—leading to an overall increase in the deficit over the next 10 years.

Table 3.

Budgetary Effects of a Policy That Would Cover Anti-Obesity Medications in Medicare, by Fiscal Year

Billions of dollars

	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total
Direct costs of covering AOMs	1.6	1.8	2.9	3.8	4.3	5.1	5.8	6.5	7.1	38.8
Savings from improved health	*	*	-0.1	-0.2	-0.3	-0.4	-0.6	-0.8	-1.0	-3.4
Net effect on the deficit	**1.5**	**1.8**	**2.8**	**3.7**	**4.0**	**4.7**	**5.2**	**5.7**	**6.1**	**35.5**

Future estimates could differ for reasons including differences in policy specifications, changes in baseline projections, availability of new evidence, and improvements in CBO's estimating methodology.

For additional information, see Congressional Budget Office, *How Would Authorizing Medicare to Cover Anti-Obesity Medications Affect the Federal Budget?* (October 2024), www.cbo.gov/publication/60441.

AOM = anti-obesity medication.

Determinants of Direct Costs

The direct costs of AOMs are determined by two factors: their use and their prices.

- Use is a function of:
  - The number of enrollees eligible for coverage of AOMs,
  - Take-up of AOMs among those eligible enrollees, and
  - The duration of their treatment.

- Price paid by the federal government:
  - As of October 2024, prices for a four-week supply of a GLP-1 AOM ranged from about $1,100 to $1,300.
  - Federal costs account for rebates, statutory discounts, cost sharing, and low-income subsidies.
  - Future prices depend on price negotiation by the Secretary of Health and Human Services, generic competition, and new products.

AOM = anti-obesity medication; GLP-1 = glucagon-like peptide 1.

Offsetting Budgetary Savings From Improved Health

CBO is not aware of empirical evidence that directly links the use of AOMs to reductions in health care spending from improved health.

To estimate the savings from improved health stemming from AOM use, CBO reviewed two types of comparable research:

- Observational studies that looked at the effects of bariatric surgery on health care spending, and
- Microsimulation studies that linked body mass index (BMI) and health care spending.

AOM = anti-obesity medication.

What New Research Would Be Especially Useful?

The budgetary effects of AOM coverage are highly uncertain and sensitive to a rapidly evolving landscape.

Research on the following topics would be especially valuable:

- Use of AOMs, such as take-up rates and patients' adherence;
- Savings from improved health based on direct evidence from AOM users;
- Expectations about the prices and effectiveness of new AOMs;
- Expectations about what other conditions GLP-1-based medications will be approved to treat; and
- Effects of weight loss on mortality.

AOM = anti-obesity medication; GLP-1 = glucagon-like peptide 1.

Key Research Areas to Inform Estimates of Savings From Improved Health

Areas of research that would inform CBO's estimates of the effects of the use of AOMs on health and health care spending include:

- Near- and longer-term effects;
- Effects by adherence time;
- Effects for different subgroups (for example, based on insurance coverage, age, or BMI); and
- Effects on mortality and disability.

Research on how the use of AOMs affects employment would allow CBO to examine a broader range of outcomes.

AOM = anti-obesity medication; BMI = body mass index.

Types of Studies That Could Inform Estimates of Savings From Improved Health

Different study designs addressing those key research areas could help inform CBO's analysis, including the following:

- Randomized controlled trials with longer follow-up periods;
- Natural experiments that use exogenous variation in AOM coverage and compare outcomes for people with and without AOM coverage; and
- Observational studies that compare outcomes among people who do and do not take AOMs, adjusting for other differences between those groups that could also have effects on health and health care spending.

AOM = anti-obesity medication.