

Fiscal Note

BILL # HB 2517

TITLE: AHCCCS; obesity treatment; medication

SPONSOR: Shah

STATUS: As Introduced

PREPARED BY: Maggie Rocker

Description

The bill as introduced would require AHCCCS to provide comprehensive coverage of obesity treatment, including U.S. Food and Drug Administration (FDA)-approved anti-obesity medications, prevention and wellness, nutrition counseling, intensive behavioral therapy, and bariatric surgery.

Estimated Impact

Based on an analysis received from AHCCCS, we estimate the full-year cost of providing coverage of anti-obesity medication could range from \$962.9 million-\$2.5 billion on a Total Funds basis, including a General Fund cost range of \$191.5 million-\$496.2 million. This estimate only contemplates the cost of covering anti-obesity medications and does not include the cost of other service expansions included in the bill's language. Given the broad range, this estimate should be considered highly speculative. The actual impact will depend on the number of AHCCCS members who utilize anti-obesity medication or other treatments.

Analysis

The bill would require AHCCCS to provide comprehensive coverage for the treatment of obesity among AHCCCS members, including FDA-approved anti-obesity medication, bariatric surgery, prevention and wellness, intensive behavioral therapy, and nutrition counseling.

In 2005, a class of drugs called GLP-1 receptor agonists (GLP-1s) were approved by the FDA for use in treating type 2 diabetes. While developed to help patients with diabetes produce insulin, GLP-1s have also been shown to promote moderate to significant weight loss. These findings have resulted in increased off-label prescription as weight loss drugs. Popular FDA-approved GLP-1s for type 2 diabetes include Ozempic, Trulicity, and Victoza. In 2014, and again in 2021, the FDA approved 2 GLP-1s specifically for chronic weight management. Under current AHCCCS policy, medications used for weight loss treatment are excluded from coverage. The bill would require AHCCCS to modify this policy to allow coverage for FDA-approved anti-obesity medications.

Based on data from AHCCCS, our estimate relies on the following utilization and cost assumptions:

- Average Total Fund expenditures of \$3,795 per AHCCCS enrollee receiving treatment. The agency reports this is the current average annual cost for Trulicity coverage for members with diabetes.
- Obesity rates among AHCCCS members ranging from a low of 12.8% to a high of 33.2%. These figures would result in between 281,900 and 730,200 AHCCCS members potentially being eligible for weight loss drugs. The agency assumes at least 75% of members with an obesity diagnosis would utilize anti-obesity medications.

Multiplying the number of members by the annual cost per member results in an annual Total Funds cost of \$962.9 million on the lower end, including \$191.5 million General Fund and \$36.5 million Hospital Assessment. The upper bound,

(Continued)



would be \$2.5 billion annually on a Total Fund basis, including \$496.2 million General Fund and \$94.6 million Hospital Assessment.

AHCCCS did not attempt to quantify the cost of other modalities of obesity treatment (for example, bariatric surgery), citing uncertainty. The administration additionally did not attempt to calculate any potential savings associated with diabetes prevention and diabetes remission. These savings would tend to occur more over the long term.

Local Government Impact

None

2/20/24