



Healthcare Purchasing for the Obesity Paradigm Shift

Kentuckiana Health Collaborative

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About the Kentuckiana Health Collaborative

The Kentuckiana Health Collaborative (KHC) is a non-profit coalition of businesses and health-care stakeholders working to solve the complex health problems that face our local community with the goal of improving the health status and healthcare delivery in Greater Louisville and Kentucky. Our collaborative is particularly useful in solving problems where multiple sectors can accomplish more together than alone. The KHC works to accomplish this mission through a variety of healthcare measurement and community health initiatives that leverage employer engagement, multi-stakeholder collaboration, and education to transform and optimize health-care.

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Acknowledgments

Project Sponsor

Eli Lilly, USA

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Tim Dall, Health Economist and Executive Director of GlobalData Plc
Alecia, a person living with obesity

Introduction

The chronic disease of obesity is increasingly affecting Americans, and this is especially true for Kentuckians. As of 2021, 40.3% of Kentuckians were classified as obese with a BMI of 30 or greater.¹ This ranks Kentucky at 48 out of 50 states in obesity prevalence. With 46% of Kentucky's population receiving employer-sponsored insurance, Kentucky employers are directly impacted by the physical, mental, social, and economic costs of obesity.² Employers can engage health plan members in the current science of obesity management by improving clinically appropriate access to bariatric surgeries, lifestyle and behavioral therapies, and anti-obesity medications.

KHC employer roundtables convene healthcare purchasers to learn about pressing health issues facing their employees and the communities where they reside. These convenings are a method for healthcare purchasers to discuss their current wins, challenges, and opportunities to address these pressing health issues, identify approaches to intervening, and coalesce around shared priorities.

On April 23, 2024, the KHC convened an employer roundtable where employers focused on supporting health plan members who are managing the chronic disease of obesity. The roundtable was supported by Eli Lilly, USA. The objectives of the roundtable were to:

- Bring healthcare purchasers together to understand the biology of obesity as a chronic disease state and the key components of the obesity care continuum.
- Engage employers in addressing the stigma and bias related to obesity and obesity management.
- Identify the current state of employer coverage of obesity management approaches (i.e. bariatric surgery, lifestyle and behavioral interventions, and anti-obesity medications) in Kentucky.
- Identify opportunities for employers to enhance their benefit designs to ensure quality, affordability, and equity within the obesity care continuum.
- Create an educational resource to identify opportunities for employers to address the disease of obesity.

This resource summarizes the learnings from this employer roundtable as they relate to these objectives, provides insight from the employers who participated in the roundtable, and provides additional recommendations and resources for other employers. Educational content at the roundtable was provided by Angela Fitch, MD, FACP, FOMA, Dipl. ABOM, Co-Founder, Chief Medical Officer, Metabolic Health & Primary Care Physician at KnownWell; Tim Dall, Health Economist and Executive Director of GlobalData Plc; and Alecia, a person living with obesity. This report includes their teachings. Employers should use this resource to better understand the disease of obesity, and what they can do to support health plan members under their employer-sponsored health insurance plans.

Living with The Disease of Obesity

Living with the disease of obesity is a complex experience, heavily influenced by biological, genetic, and environmental factors. Alecia, the person living with the disease of obesity who spoke at the Employer Roundtable shared her journey towards sustained weight loss and improved health outcomes. Her journey framed the experiences characterized here, and quotes from her story are listed throughout. Identifiable information has been removed to protect her privacy.

"It's my ongoing hope to inspire others. To see that obesity is a complex chronic disease deserving of medical treatment plans... like the one that finally gave me my health back."

Her obesity is a highly stigmatized disease. The historically prominent attitude towards obesity is that its development and treatment is controlled entirely by personal lifestyle choices. Many, even within the healthcare and medical communities, still do not consider obesity a disease despite the large and growing amount of evidence that biological components are highly determinant of its development. Those with

obesity have often been labeled as being lazy, lacking moral character, and lacking will-power. These biases can present themselves in many different settings, including school, workplaces, media, healthcare, and in personal relationships. This bias can result in poor mental health outcomes and increased social isolation for people living with obesity, as well as a fear of seeking medical care.

Timely, high quality, and stigma-free medical care for people with obesity is critical, particularly when considering the comorbidities associated with the disease, including but not limited to diabetes, hypertension, cardiovascular disease, and osteoarthritis. When a person with obesity engages with the healthcare system, they are often dealing with treatment for a comorbidity, and not just the chronic disease of obesity. Obesity treatment itself can be an arduous process for a person living with obesity, due to complications around access, quality, and cost.

“My mental health is better. My physical health is better. My pain is gone. My missed work days for my flare ups are gone. My sleep is better. My ability to perform at work and take on projects has improved... I can move better. I can help my coworkers. I have energy. I can see my future as a healthier and less sick individual. I don't want to be a chronically sick person. I want to age as a healthy and mobile adult... my weight loss has given me a chance at that.”

Obesity treatment is influenced by the benefits offered by an individual's health insurance plan. As of 2022, 48.7% of the US population is covered under a health insurance plan offered by their employer. Employer coverage often determines how and if people living with obesity can receive treatment. If treatment is covered, barriers to accessing treatment can be exacerbated by cost-sharing requirements, step-therapy, lack of access to primary care and/or obesity trained physicians, and the demands of engaging in treatment alongside barriers to participation such as time and transportation.

Day-to-day life of someone living with obesity is impacted by the disease, including in the workplace. Obesity can affect an individual's energy levels, hinder ability to perform physical activities, elevate pain and discomfort, and overall, not allow a person to fully engage in daily activities as their healthiest self. Treating the disease of obesity can mitigate the mental and physical impacts of the disease, lead an individual to better perform activities of daily living, save costs related to medical care, and ultimately promote the longevity and quality of an individual's life.

Obesity as a Chronic Disease

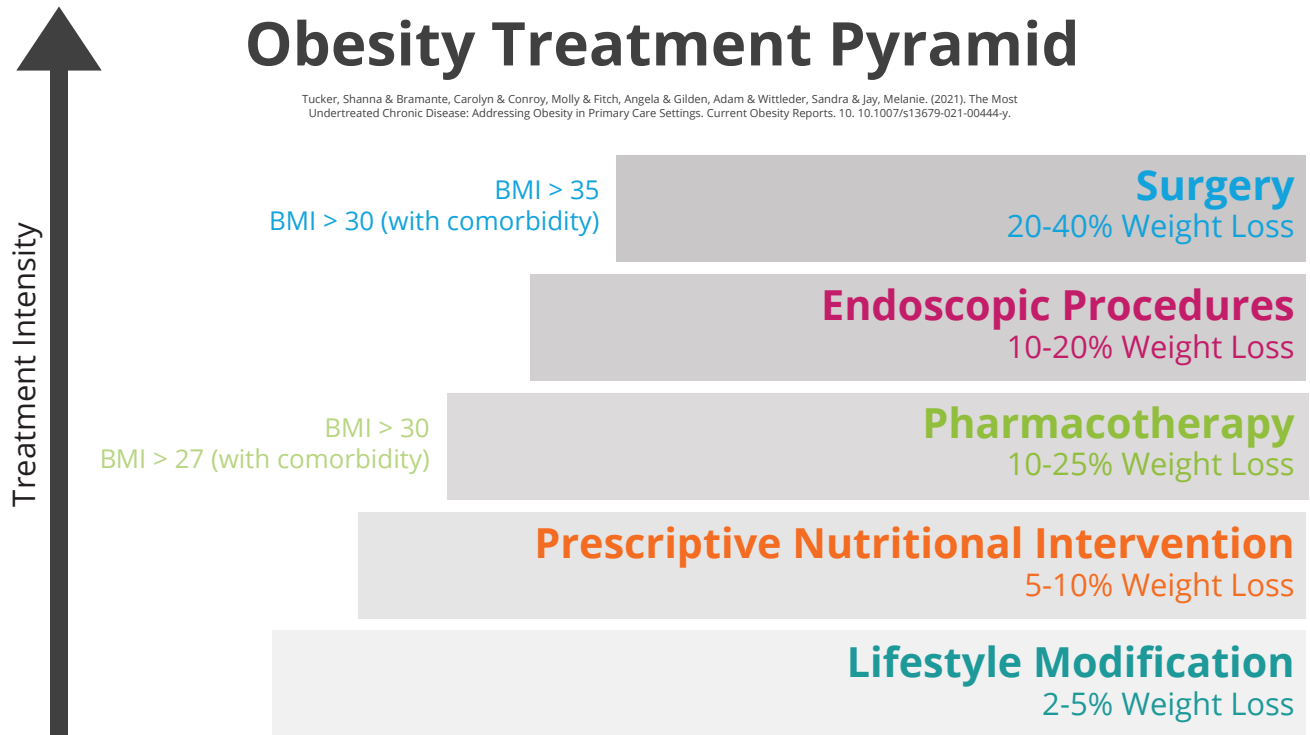
Obesity is a chronic and treatable disease where excess body fat has accumulated to a level that may have an adverse effect on health. Body Mass Index (BMI) is used as a tool in diagnosing obesity, while biological processes related to the development of the disease are much more complex. BMI is a measure relating an individual's height to their weight and does not directly measure body fat.

Factors contributing to obesity can include stress, inadequate sleep, inadequate physical activities, certain medications, diets high in processed foods, and irregular eating patterns. All these factors contribute to obesity in the context of an individual's genetics. Ultimately, the disease of obesity is not caused by a singular factor, but rather a complex interaction of behavioral, environmental, and biological factors.

Obesity treatment involves several modalities that ideally result in weight loss. Losing weight can be difficult as it is not a normal biological process. While decreasing calories and increasing activities are tools that can produce weight loss results, the body can counteract that by slowing down metabolism, increasing hunger hormones, and decreasing fullness hormones. For many, these counteracting processes can result in relapsing periods of weight loss and weight gain or inability to lose weight despite making behavioral changes.

Multiple treatment modalities are available to treat obesity and address these counteracting effects to weight loss, including lifestyle modification and behavioral therapy, pharmacotherapy (anti-obesity

medications), and bariatric surgery. The use of these treatments can be progressive or simultaneous depending on an individual's weight loss and health needs and goals.



The Economic Impact of Obesity

Obesity and associated comorbidities have many negative implications for medical costs, the labor force, and the economy. These implications make employer awareness and engagement in optimizing obesity treatment benefits for their workforce and health plan members critical.

Obesity is a costly disease, and untreated obesity can lead to increased healthcare costs for employers offering employer-sponsored health insurance as well as their health plan members. Research reveals that untreated obesity also leads to decreased labor force participation and productivity and increased absenteeism. State and local governments budgets are also impacted with decreased tax revenues and increased cost of public assistance programs.

In Kentucky in 2023, the impact of obesity resulted in \$6.9 billion in reduced economic productivity, 2.5% of Kentucky's GDP. Of this amount, \$440 million was attributed to household spending, \$660 million in employer spending, and \$1.6 billion in federal Medicare and Medicaid spending. Approximately 831,000 employed adults in Kentucky have obesity. Per employee with obesity, employers spend \$1,611 in absenteeism, \$611 in disability claims, and \$103 in workers' compensation claims. Employees with obesity spend \$1,267 more in medical costs compared to adults with a healthy weight.

While the negative economic impact of obesity is significant, so is the potential positive economic impact of addressing obesity. Economic models indicate that if Kentuckians with obesity achieved a weight loss of just 5%, the 10-year aggregate medical cost savings would be \$4 billion. This inverse trend continues such that a 25% weight loss among Kentuckians with obesity would result in \$13.4 billion savings. Individually, Kentuckians would also achieve lower disease incidence, improved productivity, higher quality of life, and decreased mortality.

More information on the economic impact of obesity in Kentucky can be found in the following fact sheet prepared by Global Data Plc.

Obesity's Impact on Kentucky's Economy and Workforce in 2023



REDUCED ECONOMIC ACTIVITY BY \$6.9B

72% of adults have obesity or overweight



\$2.6B in higher healthcare, absenteeism, and disability costs to employers



\$790M detrimental state budget impact



COST OF OBESITY ON KENTUCKIANS



Reduced Labor Force Participation

51,100 fewer adults with obesity working



Reduced Earnings for Employed Women

Women with obesity earn 9% less than women with healthy weight



Obesity-Attributed Early Mortality

9,100 premature deaths occur annually



Higher Medical Costs

\$440M spending by households

COST OF OBESITY ON EMPLOYERS

HIGHER MEDICAL COSTS



\$662M in higher healthcare costs to employers



\$1.9B in health-related lost workdays and disability



2.5% reduction in Kentucky's Gross Domestic Product (GDP)

5%-25% weight loss among adults age <65 over 10 years has potential to save \$4B-\$13.4B in medical costs

COST OF OBESITY ON STATE & LOCAL GOVERNMENT

\$477M reduced tax revenues from lost economic activity

Medicaid	\$160M higher Medicaid spending
Healthcare Coverage	\$133M for employee healthcare coverage
Public Assistance Program	\$20M in public assistance program costs
TOTAL	\$313M increased spending

For more information: Consulting@globaldata.com

Access more factsheets & reports: <https://www.globaldata.com/health-economics/US/>



Employer Coverage of Obesity Treatment Approaches

Employers offering employer-sponsored health insurance seeking to support their health plan members who have the chronic disease of obesity are faced with many complexities. The employers who attended the employer roundtable shared their perspectives on obesity within their health plan populations.

All employers considered addressing obesity as a priority within their organization, with most identifying the cost of obesity treatment and co-morbidities as highly impacting their organizations. Other employers also noted that employee productivity and absenteeism, as well as employee requests for coverage of obesity treatment were impacting their organization.

Rates of obesity within employer health plan populations varied between 1-25% and 25%-50%, with multiple employers indicating that they were not sure of the rate of obesity within their health plan population. When considering coverage of obesity treatment modalities, all employers indicated that their health plan covered behavioral and lifestyle modification programs, while most of these employers did offer this coverage with conditions. Fewer employers covered bariatric surgery, however those covering the surgery remained in the majority. Even fewer employers covered anti-obesity medications and utilized centers of excellence for obesity treatment.

Employers indicated that attitudes and perceptions of obesity as a chronic disease among their employees and healthcare partners (third party administrators (TPAs), pharmacy benefits managers (PBMs), point solutions, etc.) were varied, but shared a common growing concern. Some employers were far along in the journey of addressing obesity within their health plan population, indicating that they have already implemented educational programs, expanded their data analysis efforts, and included coverage of obesity treatment modalities in concordance with evolving science. Other employers who were not as far along their journey had a great interest in the topic, indicating that they were participating in opportunities for self-education and having conversations with their healthcare partners to explore potential approaches.

Employers expressed barriers to aligning their health plan benefits with current obesity science. Behavioral and lifestyle management programs have low engagement among employee populations. Often, these programs are not offered in a manner that allows employees to fully participate. Employers also expressed barriers around the cost of anti-obesity medications. With the most efficacious anti-obesity medications available being new to market, their cost remains high and including them on prescription drug formulary is a significant financial burden for many employers. Furthermore, employers remain skeptical of the supporting evidence for anti-obesity medications. While evidence is strong in supporting their use for initial weight loss, there is more to be discovered about their long-term use and efficacy. Similar barriers were expressed for the inclusion of bariatric surgery, while the evidence is stronger about both its short- and long-term efficacy.

While this information is only representative of the employers who participated in this employer roundtable, it offers insight into how employers across the nation are learning about obesity and approaching their health plan benefits. Employers are engaged in self-educating on obesity, but also looking towards their health plan partners for guidance. Coverage for various treatment modalities varies across employers, however many of them share common concerns around barriers to coverage.

Opportunities to Address Obesity with Healthcare Purchasing

While the science and landscape of obesity is evolving, employers have many opportunities to stay on the leading edge of supporting their health plan members, while managing their health plan costs and supporting a strong workforce. Employer approaches will be supported as obesity science continues to evolve and other healthcare stakeholders, such as providers, health plans, and PBMs, advance their efforts to support people living with the disease of obesity. Addressing obesity requires a comprehensive and holistic approach to care that emphasizes a person-centered approach alongside access to high

quality, affordable, and equitable obesity treatment modalities.

Employers attending the employer roundtable were provided with additional resources to help guide their approach to supporting their employees living with the disease of obesity. The following list of recommendations for employers was developed from these resources and presentations at the employer roundtable.

- Stay informed about evolving guidelines related to the disease of obesity and be prepared to align benefit designs with updated treatment standards.
- Consider cost management techniques for obesity benefits rather than opting not to cover. For example, provide benefit designs that match appropriate obesity care benefits to disease severity
- Provide access to the tools and programs necessary to treat and manage obesity: lifestyle modification with behavioral health support, pharmacotherapy/medication, and bariatric surgery.
- Align obesity treatment coverage with other chronic diseases, utilizing solutions that provide longitudinal care and treat obesity as a chronic, potentially relapsing disease and removing limitations to coverage of obesity treatment modalities based on time.
- Ensure members understand and can engage in obesity coverage benefits.
- Recognize environmental influences, mental health, biology, predisposition to metabolic syndrome, medication-induced weight gain, and other co-existing conditions related to the disease of obesity.
- Evaluate the interplay of bio-psycho-social factors in obesity care for diverse populations.
- Measure and monitor outcomes to be achieved and sustained, considering the long-term cost benefits of preventative obesity management to avoid the costs and complexities of treating advanced obesity and the multitude of comorbidities.
- Contract with vetted obesity management specialists and centers of excellence to ensure individualized and appropriate obesity treatment and care and to manage costs.
- Ensure vendor partners are providing education about potential risks and side effects and considering personal preferences in obesity treatment plans.

This list of recommendations provides high-level considerations for employers to address obesity within their employee population. However, employers are encouraged to further explore the following educational resources from reputable sources and engage with their health plan partners, including coalitions such as the Kentuckiana Health Collaborative, to best develop their own approach to positively impact their health plan costs, workplace productivity, and most importantly, the lives and well-being of their employees.

- [Addressing Obesity through Holistic Design for Affordability and Sustainability](#)
- [Obesity Action Coalition \(OAC\)](#)
- [Kentucky Department for Public Health Physical Activity and Nutrition Program](#)
- [Midwest Business Group on Health Obesity Toolkit](#)
- [Enhancing Obesity Management: Harnessing the Power of Clinical Care Pathways](#)
- [Comprehensive Obesity Care as the Goal](#)
- [The Economic Impact of Obesity](#)

References

¹["Obesity in Kentucky." America's Health Rankings, accessed December 1, 2023, www.americashealthrankings.org/explore/measures/Obesity/KY](#)

²["Health Insurance Status of the Total Population of Kentucky." Statista, accessed December 1, 2023, www.statista.com/statistics/238760/health-insurance-status-of-the-total-population-of-kentucky/](#)