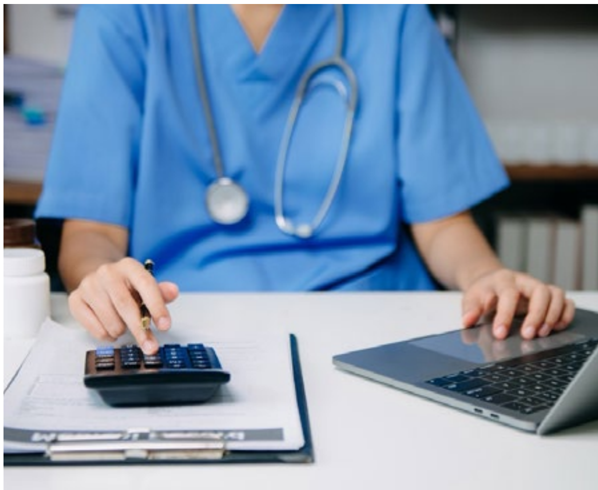
The Advisor

Open Enrollment 2026

GLP-1s and biosimilars continue to reshape the pharmacy landscape



With prescription drug spending expected to top $1 trillion in 2026, pharmacy costs remain a significant source of budget strain for group health plans.

But not all trends are pushing costs up for employers. Here are two important developments to watch:

GLP-1 medications become more accessible

GLP-1 drugs are now available in pill form, offering patients an alternative to injectable therapies. Costs for a 30-day supply of tablets are about $150 a month without insurance, and direct-to-consumer purchasing options have become widely available.

Demand for GLP-1 medications continues to rise for several reasons – including their demonstrated outcomes for treating obesity and diabetes. Other factors include increased public awareness, expanded clinical uses, and new purchasing options.

It remains unclear whether employees will look to employer health plans for weight-loss coverage or choose to purchase certain medications on their own. While directing employees toward those alternatives could help reduce employer costs, it also limits employers' visibility into how the medications are being prescribed and used.

Despite growing public interest in GLP-1 medications, relatively few employers currently provide coverage for weight-loss treatment, according to research from Employers Health.

Another important GLP-1 accessibility update: As of July 1, Medicare began offering access to weight-loss drugs for some participants under a temporary program with a fixed copay of $50 per month.

Biosimilars increase competition in the specialty drug market

Expensive specialty drugs – those that treat chronic or rare disease – aren't widely used, but they still account for about half of all drug spending in the United States.

For some of these drugs, alternatives to the brand names, called biosimilars, are entering the marketplace and significantly lowering costs.

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One of the biggest developments is the arrival of biosimilar alternatives to Johnson & Johnson's Stelara. The popular drug treats psoriasis and other inflammatory conditions and carries a list price of more than $25,000 for an 8-week dose.

Earlier this year, CVS Caremark – a major pharmacy benefit manager – announced it would transition to the biosimilars from the brand name. The move was expected to reduce out-of-pocket costs for patients, with CVS Caremark anticipating many would pay nothing for the biosimilar alternatives.

Looking ahead, additional biosimilars are under development for some of the nation's highest-cost specialty medications. This includes the cancer treatment Keytruda, which has an annual list price of more than $200,000. As patents expire and more competitors enter the market, employers could begin seeing increased competition in areas of pharmacy spending that historically have had few lower-cost alternatives.

While pharmacy costs are expected to remain a significant driver of health care spending, innovation and increased competition could create new opportunities for employers to better manage long-term prescription drug costs.

Schauer Group's Employee Benefits team continues to monitor changes across the pharmacy marketplace and help employers understand how emerging therapies and industry trends may affect their benefits strategies. If you'd like to discuss these developments further, please reach out to your Schauer Group benefits advisor.

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SOURCES

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