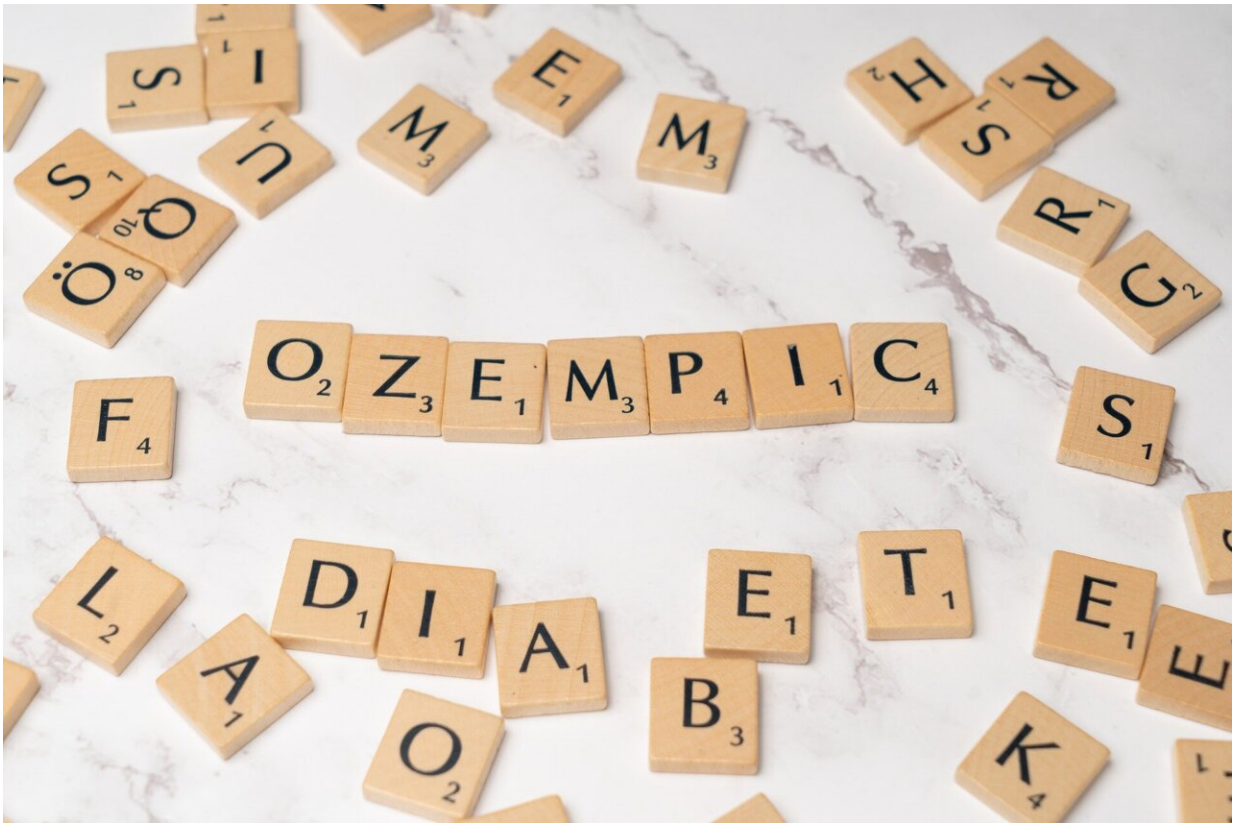


How Denmark got homegrown giant Novo Nordisk to lower Ozempic prices

August 13 2024, by Arthur Allen, KFF Health News



Credit: Pixabay/CC0 Public Domain

On May 13, Sen. Bernie Sanders, I-Vt., published an open letter to Novo Nordisk on the front page of a leading Danish newspaper, urging the hometown company to live up to its altruistic standards by lowering U.S.

prices for its blockbuster diabetes and weight loss drugs.

What Sanders didn't realize was that Denmark, a country of 6 million, was enduring its own crisis over how to pay for the Novo Nordisk drugs Ozempic and Wegovy.

Most other developed countries, including Denmark, negotiate down [drug costs](#) for their citizens, paying prices that are a fraction of those in the United States. But when a drug is effective and expensive, pharmaceutical companies can play hardball on pricing. And Novo Nordisk did, at least initially, pushing the Danish health system to its limits.

The country's socialized health system had for years covered Ozempic as a diabetes treatment, but in 2022 doctors began prescribing it for weight loss, too, and soon they "emptied all the money boxes in the entire public health system," said University of Copenhagen professor Jens Juul Holst, a co-inventor of the drug.

Countries around the world are struggling with how and when to pay for Ozempic, Eli Lilly's Mounjaro, and other drugs in the same chemical class, particularly when they are prescribed for weight loss. Indeed, the sky-high prices paid in the U.S. set a bar that pharmaceutical companies can use as they negotiate with other health systems.

In Denmark, with prescriptions for the drugs gobbling up 18% of regional drug budgets in 2023, officials were considering the unthinkable in a system that prides itself on free cradle-to-grave coverage: forcing patients to pay out-of-pocket for Ozempic—a drug made in the country.

In America, meanwhile, tightening [insurance policies](#) are making it harder for patients to get the drugs, which are listed at up to \$1,350 a month.

"There are changes month to month in our clinic in terms of the supply, coverage, which drug is available," said Michael Blaha, director of clinical research for the Johns Hopkins Ciccarone Center for the Prevention of Cardiovascular Disease. He said that doctors and patients were "playing a constant game of prior authorization and appeals."

In particular, use of the drugs for weight loss is a hot-button issue. Novo Nordisk and Lilly are battling for coverage—joined by some doctors and patient advocate groups, many funded by the drug companies. They are pressing to overturn a 2005 federal rule that prohibits Medicare from reimbursing weight loss treatments.

"There's a strong assumption that Medicare is going to cover these drugs for obesity treatment sooner or later," said David Kim, an assistant professor of medicine and public health sciences at the University of Chicago. If Medicare pays, he added, commercial insurers will probably follow suit.

The impact on federal and commercial insurance budgets, he said, depends on three unanswered questions: How many people will eventually get the drugs? For how long will they take them? And at what price?

The potential Medicare market alone is enormous. In 2020, about 13.7 million Medicare beneficiaries, around a quarter of the total, were diagnosed as overweight or obese, according to Juliette Cubanski and Tricia Neuman, researchers at KFF, a health information nonprofit that includes KFF Health News.

Assuming a 50% discount on a \$1,300 monthly list price for Wegovy, that's a \$107 billion price tag. The entire federal share of Medicare Part D spending in 2024 was projected to be \$120 billion.

Novo Nordisk spent \$7.6 million lobbying Congress over the past 12 months, and lobbying disclosures show that most of that was to promote bills in the House and Senate to expand use of the GLP-1 drugs.

Pressure from drugmakers has been relentless. Pfizer, which has a GLP-1 drug in development, commissioned a [white paper](#) by consultancy Manatt arguing that Medicare law already allows payment for these anti-obesity drugs, since they have benefits beyond weight loss. Novo and other [pharmaceutical companies](#) have funded research that shows health care savings on chronic disease through use of the drugs.

But the Congressional Budget Office, whose judgments about the cost of such policies weigh heavily in whether they are eventually adopted, has yet to give a final opinion. In a March presentation, the office said it was "not aware of empirical evidence that directly links the use of anti-obesity medicines to reductions in other health care spending."

Prime Therapeutics, a pharmacy benefit manager whose clients are employers that fund drug plans, released a study this year finding that only a third of patients put on a GLP-1 drug stayed on it for a full year. That means insurance coverage of the drugs could sometimes be a waste of money, said Patrick Gleason, Prime Therapeutics' leader of research, since research shows that patients tend to gain the weight back after cessation.

That doesn't completely surprise Holst, the Danish scientist, who said the GLP-1 drugs' suppression of appetite is for many people "so miserably boring that you can't stand it any longer and you have to go back to your old life."

One answer might be weight loss programs that employ the GLP-1s for, say, a year, followed by maintenance therapy with cheaper drugs, Kim said.

One way or another, many experts in the field say, it's sensible to cover weight loss before the onset of the chronic illnesses associated with obesity, like type 2 diabetes.

Indeed, because obesity is associated with so many comorbidities, drugmakers are now doing studies showing that GLP-1 drugs also show a positive impact on conditions like sleep apnea and heart, liver, and kidney diseases.

Yet even advocates for the drugs' use acknowledge uncertainty about how long it would take for such health benefits to kick in, or whether shorter-term use would prevent or ameliorate longer-term illnesses.

"Modeling the impacts is complicated," said Alison Sexton Ward, a research scientist at the University of Southern California's Schaeffer Center for Health Policy and Economics. "Medical costs won't go down immediately. The prevented diseases may be years in the future."

Starting next year, Medicare beneficiaries' Part D out-of-pocket costs will be capped at \$2,000, meaning U.S. taxpayers will foot the bill for most Medicare drug expenses. So it's no surprise the Congressional Budget Office believes the government will launch Medicare price negotiations for semaglutide under the Inflation Reduction Act "within the next few years," per its March presentation.

According to the terms of the act, Ozempic would be eligible for government price negotiation as early as next year, with new prices reflected in 2027. The negotiated unit price would apply to all forms of the drug—Ozempic; its higher-dose, weight-loss-branded version, Wegovy; and a pill, Rybelsus.

Where the price would land is unclear. Wegovy costs patients up to \$365 a month in Denmark, which typically doesn't cover the drug—and about

\$140 in Germany and \$92 in the U.K.

Meanwhile, generic drugmakers are gearing up to sell their versions of semaglutide. Those appear set to go on sale in China and Brazil as early as 2026. Americans are likely to have to wait until at least 2032 because of U.S. patent restrictions. The Federal Trade Commission has tried to nibble at the drugs' exclusivity periods by challenging Novo Nordisk patent filings on applicators used to inject the drugs—which would extend their market exclusivity up to 30 months.

For now, patients who can't afford or access the drugs often turn to compounded forms, which are not FDA-approved although their raw material comes from FDA-registered factories. Blaha has "a number of patients" who can't access the branded drugs and show up at the clinic with compound drug vials.

Two weeks before Sanders published his letter in Denmark, Novo Nordisk cut the local price of Ozempic by 34%, to \$130 a month—about 15% of its U.S. list price. The government, which had warned it would stop paying for the drug, agreed to cover Ozempic diabetes treatment, but only for patients who had first tried a cheaper medicine such as metformin.

Wegovy, the same medicine but at a higher dose, targeted at weight loss, would in nearly all cases remain the patient's responsibility at \$365 monthly, a price that, while modest by U.S. standards, has sparked intense discussions about the uneven impact of class on its affordability, said Nils Jakob Knudsen, an endocrinologist in Copenhagen.

The calculus of the drugs' price is complex for the Danes, he added, because "the blooming economy for Novo is also driving our very healthy Danish economy."

2024 KFF Health News. Distributed by Tribune Content Agency, LLC.

Citation: How Denmark got homegrown giant Novo Nordisk to lower Ozempic prices (2024, August 13) retrieved 14 August 2024 from <https://medicalxpress.com/news/2024-08-denmark-homegrown-giant-novo-nordisk.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.