



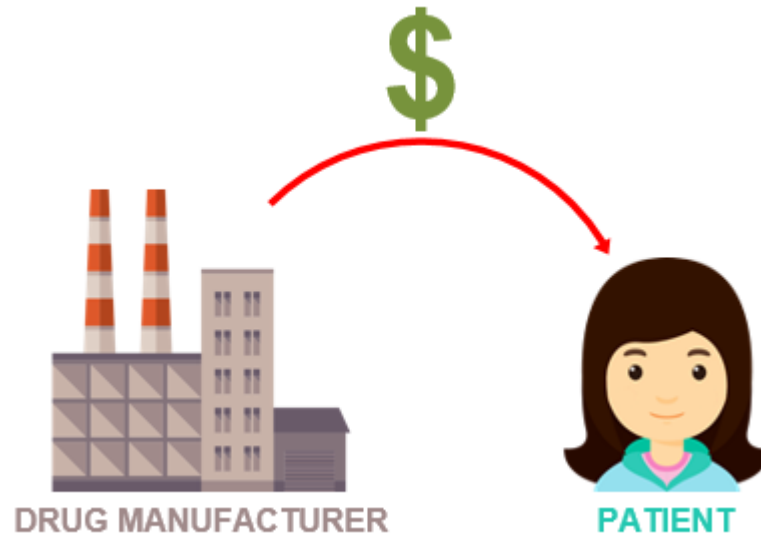
GLP-1s & Obesity

Market Context | August 27th

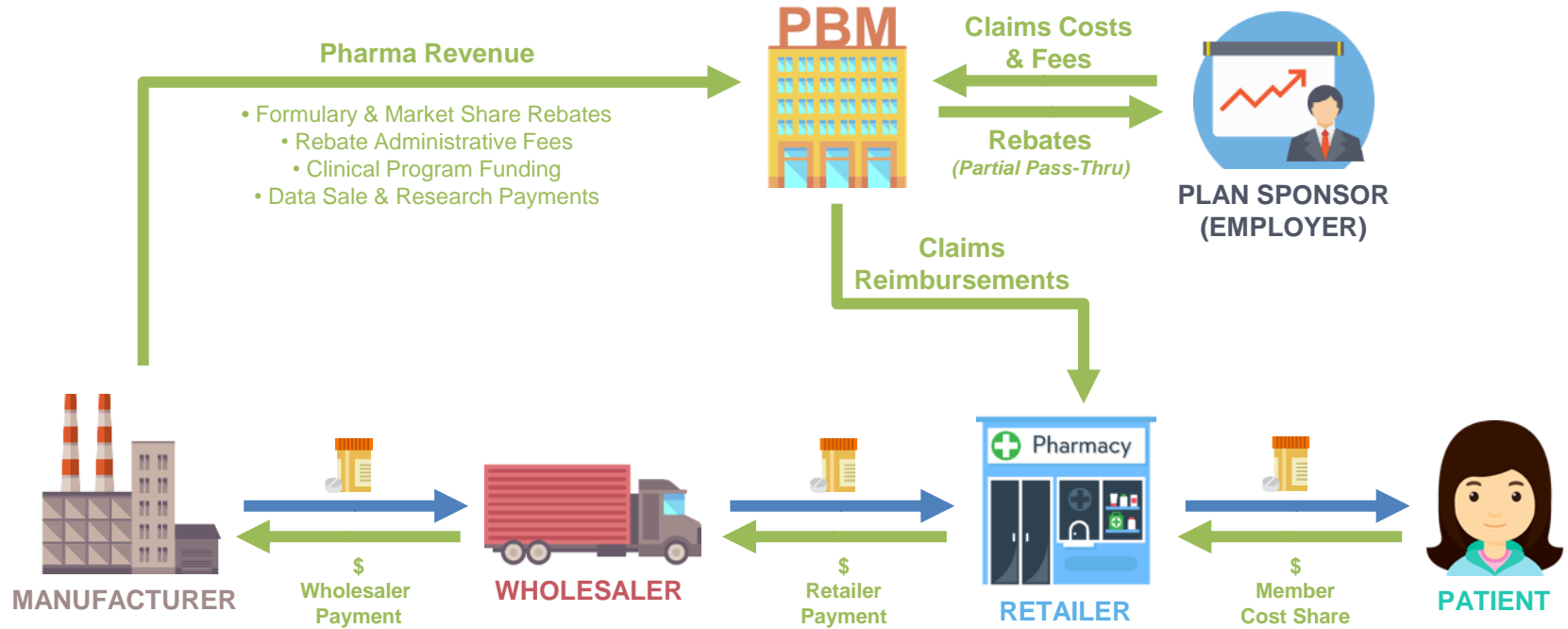


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Complex Pathway of Dealing Drugs...Legally



Pharmacy Benefits Manager (PBM)

The "Big Three"

Jumbo PBMs, all have been acquired by large health plans.



The Middle-Tier

Independently owned players, some with unique business model offerings.



The Smaller Captives

Owned by health plans. Value proposition is more compelling when client uses same vendor for medical.



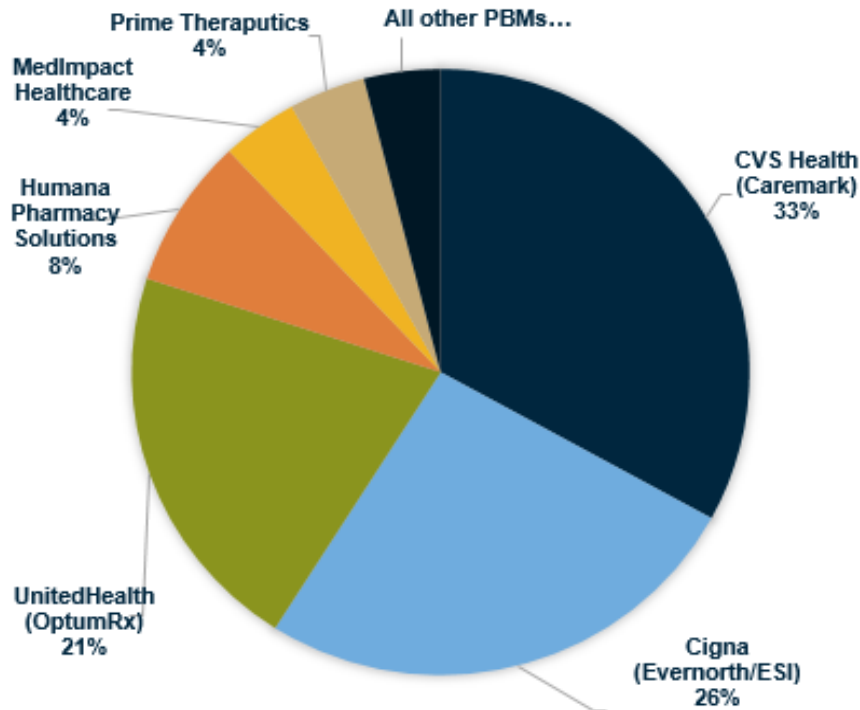
Everyone Else


Smaller "niche" vendors. Most outsource some functions. Market is crowded, but lacks differentiation.



PBM Landscape

U.S. PBM Market Share: Total Prescription Claims Managed in 2021



	Total Revenue in 2021	Specialty Growth	Traditional Growth
	\$501 Billion	7.5%	4.5%

- 60+ different PBMs in the market with the Big Three holding ~80% of market share
- Client satisfaction among Big Three is mixed
- Interest in smaller PBMs is growing, as clients skepticism of the jumbo PBM business model increases

Source: The 2022 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute

What is a Formulary?

Managed by the
PBM's Pharmacy &
Therapeutics
Committee

List of drugs that are
assigned different tiers
that will charge certain
copays/coinsurance
based on plan design

Rebates are an
important aspect of
most formularies to
manage costs

Utilization
management are
important to manage
drug costs

Types of Formularies

Open	Exclusionary	Closed
<ul style="list-style-type: none"> ➤ All drugs under covered drug classes are available at different tiers ➤ Lower rebates and higher plan costs are typically associated with an open formulary but is the most member friendly option among formulary types 	<ul style="list-style-type: none"> ➤ All drugs under covered drug classes are available at different tiers, with the exception of certain drugs under highly rebate-able classes ➤ If members move to the preferred alternatives, they will pay their member share as usual in order to receive their drugs ➤ If members do not want to use the preferred alternative, they can either pay for the full cost of the drug or go through a medical necessity process ➤ Although this may not be as member friendly, this approach to managing drug costs is standard in the industry 	<ul style="list-style-type: none"> ➤ Coverage of drugs are limited per drug class to mostly generics and highly rebate-able drugs ➤ Members can go through the medical necessity process for excluded drugs, pay for the full cost of the drugs or move to a covered drug ➤ Compared to the open and exclusionary formulary, this is a more tightly managed formulary with narrower drug coverage. Therefore, may not be as member friendly but is generally associated with lowest plan costs

- Information related to covered drug classes and does not include benefit exclusions that may occur such as weight loss drugs and cosmetic agents. Benefit exclusions will take priority over formulary coverage
- Information is related to drug placement on a formulary only and does not include utilization management, such as step therapy, that would required the use of a preferred drug over another before the non-preferred drug is covered
- Regardless of formulary types, decisions on tier and coverage are reviewed and managed by the PBM's Pharmacy and Therapeutic (P&T) Committee

What are Utilization Management Programs?

Step Therapy

Quantity Limits

Prior Authorization

Obesity

- Overweight is defined as a body mass index (BMI) of 25 or higher
- Obesity is defined as a BMI of 30 or higher*

[Obesity] is linked to mental health by clinical observations and biological pathways [...] thorough screening for mental health problems in patients with obesity is urgently called for to allow prevention and facilitate adequate treatment.**

*From the CDC: <https://www.cdc.gov/healthyweight/effects/index.html>

**From Nature: <https://www.nature.com/articles/s41398-023-02447-w>

Circulatory

- High blood pressure
- High LDL/Low HDL
- Coronary Heart Disease
 - Stroke

Endocrine

- Type 2 Diabetes
- Metabolic Disease

Other Conditions

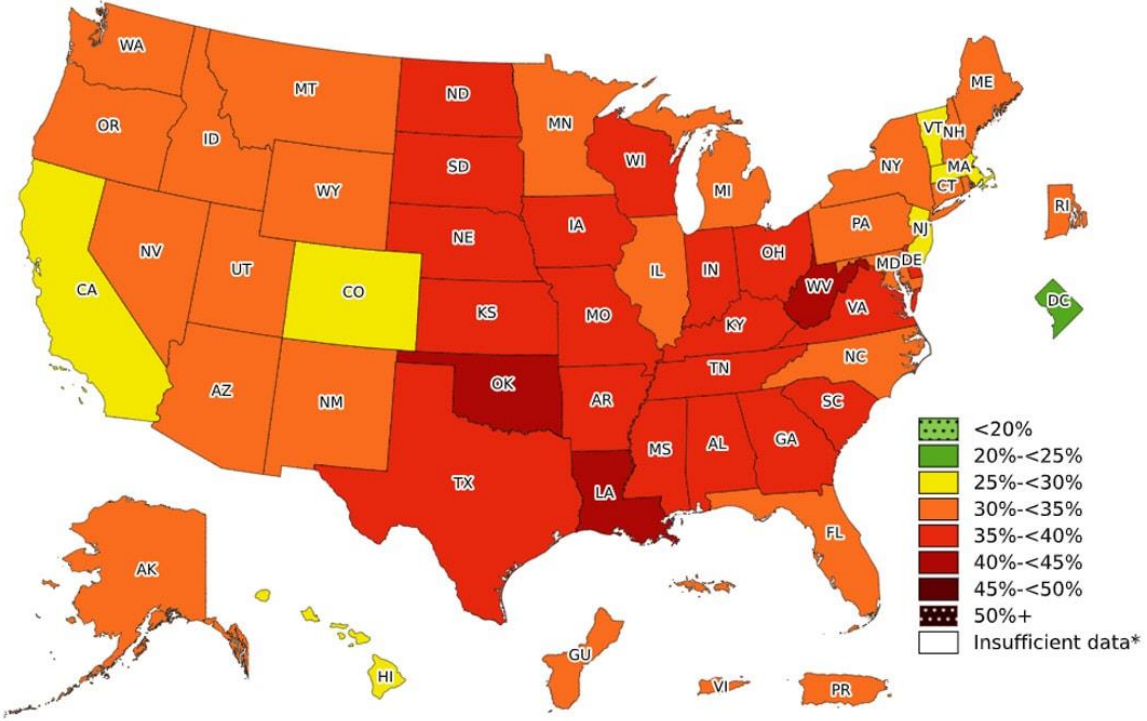
- Gallbladder disease
- Osteoarthritis
- Sleep Apnea
- Cancer

Mental

- Depression
 - Anxiety
- Other mental disorders

Prevalence Trends of Obesity

Louisiana trails only West Virginia in Prevalence of Obesity



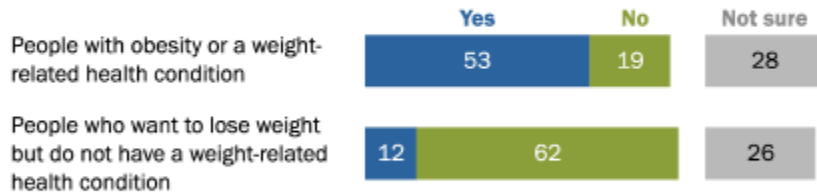
CDC data show obesity has climbed year-over-year for decades

Obesity rates are highest among Non-Hispanic Native American and Non-Hispanic Black populations

Current State: Obesity Therapies

Americans more likely to view Ozempic, similar drugs as good weight-loss options for people with obesity than for people without a weight-related condition

Among U.S. adults who have heard of Ozempic, Wegovy and other similar drugs, % who say they are *good options for weight loss* for ...



Note: Based on U.S. adults who have heard of Ozempic, Wegovy and other similar drugs.

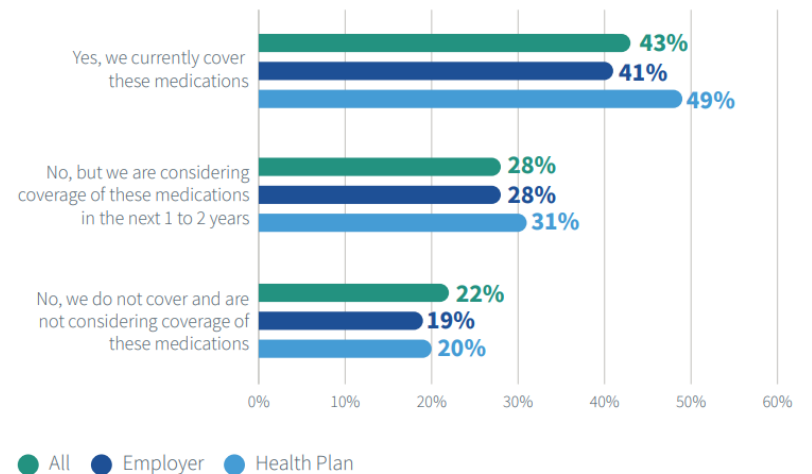
Respondents who did not give an answer are not shown.

Source: Survey of U.S. adults conducted Feb. 7-11, 2024.

"How Americans View Weight-Loss Drugs and Their Potential Impact on Obesity in the U.S."

PEW RESEARCH CENTER

Figure 18 Plan Coverage of Weight Loss Medications (n=149)



Not shown: 7% of respondents were unsure of the plan's status regarding coverage of weight loss medications.

Pharmaceutical Strategies Group. 2023 Trends in Drug Benefit Design Report. Dallas, TX: PSG.


<https://www.pewresearch.org/science/2024/02/26/how-americans-view-weight-loss-drugs-and-their-potential-impact-on-obesity-in-the-u-s/>

European Markets

Novo Nordisk briefly overtakes LVMH as Europe's most valuable company

By **Lucy Raitano** and **Danilo Masoni**

September 1, 2023 11:14 AM CDT · Updated 6 months ago

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Eli Lilly is the world's largest healthcare company by market cap, and the 10th most valuable business in the world.

The six [most valuable companies in the world by market cap](#) all have one thing in common: each is valued at over \$1 trillion. Five of the six are in the technology business, with the exception being **Saudi Arabian Oil**.

With a market cap of roughly \$592 billion, **Eli Lilly (LLY 1.65%)** is the world's largest healthcare company and the 10th most valuable business in the world.

Indeed, Lilly stock has been on a tear lately. In just the last year, the stock has returned nearly 80% -- about triple the return of the **S&P 500**.

Obesity Drug Pipeline

GlobalData's Pharmaceutical Intelligence Center

Drug Category	Drug Name	MoA	Company	Company Headquarters	Event Type	Event Date
Novel Agents	APHD-012	Undisclosed	Aphaia Pharma	Switzerland	Phase III results	2H
Novel Agents	S-309309	MGAT2 Inhibitor	Shionogi & Co	Japan	Phase II results	1H
Novel Agents	bimagrumab	ACTR2 Antagonist	Versanis Biopharmaceuticals	United States	Phase II results	1H
Novel Agents	cagrisema (cagrilinitide + semaglutide)	CALCR/RAMP1/2 /3 Agonist + GLP-1RA	Novo Nordisk	Denmark	Phase II results	2H
Dual Agonists (non GIPR/GLP-1R)	dapigliutide	GLP-1/GLP-2 Agonist	Zealand Pharma	Denmark	Phase I/II results	1H
Dual GIPR/GLP-1R Agonists	VK2735	GIPR/GLP-1R Agonist	Viking Therapeutics	United States	Phase II results	2H

Thank you!



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