

LEGAL UPDATE



HIGHLIGHTS

- In late 2024, the Biden administration proposed to expand coverage for weight loss drugs under the Medicare and Medicaid programs.
- Medicare Part D does not cover drugs for weight loss, although it does cover anti-obesity drugs prescribed for certain medical conditions, such as diabetes.
- This proposed expansion has been dropped by the Trump administration.

Trump Administration Drops Proposal to Cover Anti-obesity Drugs in Medicare Part D and Medicaid Programs

The Trump administration has dropped a Biden-era proposal that would have allowed Medicare Part D prescription drug plans to cover medications for weight management. Drugs used for weight loss have been excluded from the definition of a covered Part D drug, regardless of their use for the treatment of individuals with obesity, and have been an optional drug benefit for Medicaid programs. Medicare Part D does cover anti-obesity drugs when they are prescribed for certain medical conditions other than weight loss, such as diabetes or cardiovascular disease.

Rejected Expansion of Coverage

On Dec. 10, 2024, the Centers for Medicare and Medicaid Services (CMS) issued a [proposed rule](#) that would have expanded access to weight loss medications for the treatment of obesity under the Medicare Part D and Medicaid programs, starting with coverage in 2026.

According to CMS' proposal, increases in the prevalence of obesity in the United States and changes in the prevailing medical consensus towards recognizing obesity as a disease compelled the agency to reevaluate coverage of anti-obesity medications. The Congressional Budget Office has [estimated](#) that up to 12.5 million Medicare beneficiaries would newly qualify for anti-obesity drugs under the proposed expansion, costing approximately \$35 billion from 2026 to 2034. Total savings from improved patient health during that period would be relatively small compared to the cost of the medications.

On April 4, 2025, CMS [finalized](#) changes to the Medicare and Medicaid programs for 2026 but decided against implementing the proposal for coverage of weight loss drugs. While CMS has not ruled out expanding coverage for weight loss drugs in the future, it concluded that such action was not appropriate at the current time. The secretary of the U.S. Department of Health and Human Services, Robert F. Kennedy, has been a vocal critic of weight loss drugs, arguing the nation's obesity problem can be better addressed by diet and exercise.

Employer Health Coverage

While glucagon-like peptide-1 (GLP-1) receptor agonists, such as Ozempic and Wegovy, have become increasingly popular treatments for obesity, most employer-sponsored health plans do not cover weight loss medications. Many employers are concerned that adding coverage for weight loss drugs would substantially increase their health care expenses. On average, GLP-1 treatment costs approximately \$1,000 per individual each month. However, a growing number of large employers may be responding to employee demand and adding coverage for weight loss drugs. According to a recent [study](#) by Mercer, coverage for obesity drugs rose to 44% of all large employers (500 or more employees) in 2024, up from 41% in 2023.