



The Obesity Society Statement on Opposition to Elimination of Medi-Cal Coverage of GLP-1 Obesity Medications in California Budget Proposal

The Obesity Society (TOS) would like to express its deep concern regarding the budget assumptions included in Governor Newsom's proposal to eliminate Medi-Cal coverage for FDA-approved GLP-1 medications for obesity effective January 1, 2026.

Medi-Cal beneficiaries have benefited from these medications under the State's Medicaid program since 2023 and we applauded the state for being forward-thinking in its coverage approach. However, Governor Newsom's proposed budget, which eliminates coverage for GLP-1 medications effective in 2026, clearly discriminates against plan beneficiaries seeking access to life changing and lifesaving treatments, based solely on cost.

Obesity rates are increasing across the country because we know this disease is driven by strong biology, not by choice, and is often the root cause and driver of other health complications. A University of Southern California Schaeffer Center study (2023) on the "Benefits of Medicare Coverage for Weight Loss Drugs" found that treating obesity can reduce diabetes (-8.9%), hypertension (-2.3%), heart disease (-2.6%), cancer (-1.3%), and disability (-4.7%) over 10 years in private insurance coverage and Medicare. These results would also likely apply to state employee and state Medicaid programs.

Therefore, we question the Department of Health Care Services (DHCS) cost analysis for this proposal as it appears that DHCS did not consider any future cost savings associated with these treatment avenues. In addition, we are troubled that the estimated cost savings (page 38) associated with the elimination of GLP-1s are projected to be \$85 million in the 2025-2026 budget, for a mid-year elimination, growing to \$680 million 2028-2029 and ongoing. Based on publicly available Medicaid data, it appears that the Department's \$680 million in "savings" is reflective of the gross price paid by the state BEFORE receiving any manufacturer rebates OR federal matching funds.

Despite the broad acceptance of obesity as a chronic disease and the recognition that patients deserve access to care, we are troubled that Governor Newsom's proposed budget is applying a double standard when evaluating coverage of obesity care. As a nation, we must stop evaluating coverage of obesity care through a cost-only lens. The goal of healthcare is not to save money, but to improve the health and well-being of people. Therefore, TOS strongly urges Governor Newsom to remove the language excluding Medi-Cal coverage for GLP-1 medications from his budget proposal.

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The Obesity Society (TOS) is the leading organization of scientists and health professionals devoted to understanding and reversing the epidemic of obesity and its adverse health, economic and societal effects. Combining the perspective of researchers, clinicians, policymakers and patients, TOS promotes innovative research, education and evidence-based clinical care to improve the health and well-being of all people with obesity. For more information, visit www.obesity.org.

The leading society dedicated to the research, treatment and prevention of obesity.