

# Intelligence MEMOS



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From: Rosalie Wyonch

To: Healthcare Observers

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Re: **OZEMPIC: A MICROCOSM THAT CAN TEACH US A LOT ABOUT HEALTHCARE MARKETS**

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Ozempic (and other GLP-1 medications) have been having their moment.

Headlines [hail](#) a “miracle drug” for weight loss, others say that’s [too good to be true](#), and there’s even a *South Park* episode titled “[the end of obesity](#).” It’s all new territory for medications for type-2 diabetes and weight loss treatment.

And all the media attention gives us a teaching moment to help illuminate the behind-the-scenes dynamics that affect international pharmaceutical markets, insurance companies, public healthcare systems and government finances.

This *Intelligence Memo* summarizes the various issues that have been in the spotlight and additional Memos in this series will go further behind the curtain, using Ozempic as an example, to explain the interconnected and complex economic factors and government machinery that play roles in determining the supply, demand and accessibility of pharmaceutical treatments and products, as well as broader economic responses.

First, some background.

GLP-1 receptor agonists (like Ozempic) have been used for more than 16 years to treat type 2 diabetes and for weight loss for the past nine years. Ozempic is Novo Nordisk’s brand name for a semaglutide marketed and sold for treating type 2 diabetes. Other medications in the same class include Trulicity (dulaglutide, GLP-1) and Mounjaro (tirzepatide, a dual GLP-1/GIP).

While Ozempic is heavily associated with weight loss in the media, it is not approved by the [FDA](#) or Health Canada as a weight-loss drug. [Health Canada](#) approved it in 2018 for adult patients with type 2 diabetes, noting that there was limited information on safety and efficacy for minors or people over age 75. The [FDA](#) has authorized it for similar purposes and also includes reducing the risk of heart attacks and strokes in type 2 diabetes patients with known heart disease. Wegovy, a similar injectable medication containing higher amounts of semaglutide and made by the same company, is approved for weight loss in obese patients by the FDA and recently entered the Canadian market (it was [approved in 2021, but only became available to consumers](#) in May 2024). Saxenda (liraglutide, GLP-1), is approved for weight management in obese pediatric patients over 12 years of age in Canada.

The class of medications is not new, their effectiveness for weight loss in non-obese patients, as well as their potential to improve fertility, reduce [cardiac risks](#), and reduce the [risk of kidney failure](#) have all increased the attention and discussion of this class of medications.

Their growing weight-loss popularity has disrupted the market, and provides an opportunity to investigate many interrelated market dynamics including:

- The incentives and potential for pharmaceutical companies to expand markets for existing products by finding new applications for them.
- Similarly, off-label prescribing by physicians can provide patients access to treatments, even if a full-scale clinical trial has not been conducted.
- Market expansion through new indications and off-label prescribing can create surges in demand that increase financial risks for public and private drug insurance plans.
- Similarly, rapidly increasing demand increases the risk of drug shortages, at least until manufacturing capacity can expand to meet the new market demand.
- Both shortages and financial risk for insurance companies can lead to restricting coverage and rationing supplies to prioritize particular patient groups.

The healthcare market and broader economy respond to these dynamics in sometimes unexpected or potentially counterproductive ways. For example, counterfeit or black market versions of the regulated medications, a proliferation of virtual services advertising directly to consumers that they can provide access, and patients failing to complete treatment due to costs or shortages.

There is evidence of wider economic responses as well. For example, Nestlé is launching a new line of frozen pizzas and pastas enriched with protein, iron, and calcium [designed](#) for people taking appetite suppressing drugs.

That’s our landscape. Tomorrow, we will dig into the various strategies insurance providers and governments are using to manage financial risks and mitigate drug shortages. A third Memo will examine the counter-balancing industry and consumer responses that seek to maintain broad access or capitalize on the new and growing market. The fourth Memo will discuss the Canadian risk of the shortages that can flow from being next to the higher-priced and larger US market.

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