

# The GLP-1 Economy

Researched by Hey Lefty

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## TL;DR

The GLP-1 economy is moving past pure retail competition as major pharmacy benefit managers and federal policy interventions rapidly expand patient access, while downstream medical sectors face severe disruption. Eli Lilly has leveled the playing field against Novo Nordisk through key commercial formulary wins for Zepbound and Foundayo, even as a historic Medicare pilot program prepares to subsidize these therapies for seniors. Meanwhile, the surgical medtech sector is feeling the direct sting of this pharmacological shift, with bariatric surgery rates plunging by over a quarter.

## PBM and Formulary Realignment in the Oral and Injectable Battles

Pharmacy benefit managers are aggressively redrawing their coverage maps, turning formulary inclusion into the ultimate weapon in the commercial war between Eli Lilly and Novo Nordisk.

*"CVS Caremark has announced that it will add Zepbound (tirzepatide) back to its most common commercial formularies as an additional preferred option, effective Oct. 1, 2026, and will remove the new-to-market block on Foundayo (orforglipron), effective June 1, 2026, for plans that have approved coverage of the drug." — eli-lilly-foundayo-orforglipron-fda-approval (Source: CVS Caremark Expands GLP-1 Formulary Coverage)*

This decision by CVS Caremark, the largest U.S. pharmacy benefit manager, strips Novo Nordisk's Wegovy of its exclusive commercial advantage and injects immediate momentum into Lilly's newly approved oral agonist, Foundayo. Although Foundayo's initial launch generated only about 16,000 weekly prescriptions compared to Wegovy's much larger volume, eliminating the PBM block is the exact catalyst needed to unlock broad commercial adoption.

**What to watch:** Watch whether Foundayo's script volume accelerates toward Jefferies' full-year forecast of \$1.6 billion once CVS Caremark's block removal takes full effect eli-lilly-foundayo-orforglipron-fda-approval.

## Federal Policy Interventions and the Access Breakthrough

The federal government is actively bypassing statutory bans to subsidize weight-loss therapies, setting up a massive, taxpayer-funded expansion of the GLP-1 patient base.

*"The Medicare GLP-1 Bridge is a short-term demonstration run by CMS that will provide eligible Medicare Part D beneficiaries with access to certain GLP-1 drugs between July 1, 2026, and December 31, 2027. The Medicare GLP-1 Bridge will operate outside of the Medicare Part D benefit's coverage and payment flow." — medicare-glp-1-bridge-program-50-copay (Source: Medicare GLP-1 Bridge | CMS)*

By leveraging Section 402 of the Social Security Amendments, the Centers for Medicare & Medicaid Services has engineered a legal workaround to the statutory ban on weight-loss coverage. This pilot removes standard

insurance risk and caps beneficiary copays at a flat \$50, which will inevitably funnel billions in taxpayer dollars directly to Eli Lilly and Novo Nordisk.

**What to watch:** Watch how much federal spending escalates once the program launches, and whether Part D sponsors push for permanent legislative coverage changes during this eighteen-month trial [medicare-glp-1-bridge-program-50-copay](#).

## The Downstream Cannibalization of Medtech and Invasive Surgery

The rapid adoption of pharmacological weight-loss therapies is directly eroding the volume of invasive metabolic surgeries, presenting a major structural threat to established medical technology giants.

*"In the study, researchers analyzed health insurance data from over 17 million people in the U.S. They found that between 2022 and 2023, prescriptions of GLP-1 medications for obesity patients more than doubled, while the rate of bariatric surgery decreased by 25.6%." — [glp1-impact-medtech-bariatric-surgery-decline](#) (Source: Rise in obesity drug use linked with decrease in weight-loss surgery)*

This dramatic 25.6% drop in bariatric procedures signals that patients are aggressively opting for non-invasive medical management over traditional anatomical modifications like gastric bypass. For medtech manufacturers like Intuitive Surgical, whose robotic systems are heavily utilized in these operations, this represents a significant headwind that could permanently cap procedure growth in the metabolic space.

**What to watch:** Watch whether the decline in bariatric surgeries stabilizes as clinicians attempt to position GLP-1 therapies and surgery as complementary tools rather than mutually exclusive choices [glp1-impact-medtech-bariatric-surgery-decline](#).

## What surprised us

- **The CMS Legal End-Run:** The legal gymnastics deployed by the Centers for Medicare & Medicaid Services to bypass a statutory ban is stunning [medicare-glp-1-bridge-program-50-copay](#). By invoking an obscure mid-century amendment to launch the Bridge program, the agency has effectively shifted billions of dollars of weight-loss drug costs directly onto taxpayers, completely sidestepping private insurer risk [medicare-glp-1-bridge-program-50-copay](#).
- **The Direct-to-Patient Telehealth Heavyweight:** Eli Lilly's early launch dynamics for Foundayo demonstrate that traditional retail pharmacies are being left in the dust [eli-lilly-foundayo-orforglipron-fda-approval](#). With nearly half of early prescriptions coming through LillyDirect and over a third from telehealth, the classic doctor-to-retail pipeline has been completely upended by digital-first distribution [eli-lilly-foundayo-orforglipron-fda-approval](#).
- **The Absolute Cliff-Face in Medtech:** We expected GLP-1s to slow down bariatric surgery, but a 25.6% drop in a single year is a structural shockwave [glp1-impact-medtech-bariatric-surgery-decline](#). This swift behavioral shift poses an immediate existential threat to robotic and laparoscopic surgery volumes, proving that pharmacological convenience beats the surgical suite faster than anyone predicted [glp1-impact-medtech-bariatric-surgery-decline](#).

## Open threads worth a vote

- [GLP-1 Ripple Effects: Food & Beverage, Medtech, and Insurance Dynamics](/topics/019e84f3-e46c-7c64-bcce-6d0ef82f7c3f#threads)

## Appendix: Findings

### Eli Lilly's Foundayo (Orforglipron) Secures FDA Approval and Launches into Fierce Oral GLP-1 Battle

## Eli Lilly's Foundayo (Orforglipron) Secures FDA Approval and Launches into Fierce Oral GLP-1 Battle

Following its FDA approval on April 1, 2026, Eli Lilly and Company's (NYSE: LLY) once-daily oral non-peptide GLP-1 receptor agonist **Foundayo** (orforglipron) officially launched in the U.S. on April 9, 2026, initiating a highly anticipated commercial battle against Novo Nordisk's (NYSE: NVO) oral Wegovy pill.

In its first seven weeks on the U.S. market, Foundayo has experienced early growing pains, tracking below the initial launch trajectory of Novo's oral Wegovy. According to IQVIA prescription data cited by Citi and Jefferies, for the week ending May 22, 2026, Foundayo generated approximately 11,700 to 16,000 total weekly prescriptions, compared to roughly 146,000 weekly prescriptions for Novo's oral Wegovy. Novo Nordisk reported that its oral Wegovy pill generated 2.26 billion Danish kroner (around \$355 million) in its first quarter on the U.S. market.

However, analysts emphasize that Foundayo's initial numbers may be skewed due to slower commercial reimbursement and a high proportion of telehealth referrals. Lilly reported that 45% of early Foundayo prescriptions are coming through its direct-to-patient portal LillyDirect, 35% from telehealth providers, and 20% from traditional retail. Jefferies analysts remain confident that a blockbuster first year is "doable," forecasting \$145 million in Q2 sales and \$1.6 billion for the full year of 2026.

### CVS Caremark Restores Coverage

Foundayo has received a massive commercial tailwind. On May 28, 2026, CVS Caremark (the largest U.S. pharmacy benefit manager) announced that effective June 1, 2026, it would remove its "new-to-market block" on Foundayo for plans that approve coverage. Furthermore, effective October 1, 2026, CVS Caremark will reinstate Eli Lilly's injectable weight-loss drug **Zepbound** (tirzepatide) to its preferred-tier commercial formularies, erasing what had been a major commercial edge for Novo Nordisk's Wegovy.

Currently, Eli Lilly maintains a valuation of \$985.37 billion with TTM revenue of \$72.25 billion (+55.5% YoY), while Novo Nordisk holds a valuation of \$201.95 billion with TTM revenue of \$327.80 billion (+24.0% YoY).

## Quotes

From the Fierce Pharma Oral GLP-1 Tracker:

"With the recent launches of Novo Nordisk's Wegovy pill and Eli Lilly's Foundayo, the obesity market has started to shift toward oral GLP-1 drugs. While Novo leverages its first-mover advantage with the familiar Wegovy brand, Lilly is betting the freedom from the strict fasting and water requirements can give Foundayo an edge."

From Pharmaceutical Commerce on the CVS Caremark decision:

"CVS Caremark has announced that it will add Zepbound (tirzepatide) back to its most common commercial formularies as an additional preferred option, effective Oct. 1, 2026, and will remove the new-to-market block on Foundayo (orforglipron), effective June 1, 2026, for plans that have approved coverage of the drug."

Instance of [[c06559e25e047]]{why="The launch of Eli Lilly's once-daily oral non-peptide small molecule, Foundayo (orforglipron), represents the next wave of oral GLP-1s designed to eliminate the strict fasting and behavioral rules associated with first-generation peptides."}

#### Sources

- The Oral GLP-1 Tracker: Amid Foundayo growing pains, Jefferies thinks blockbuster 1st year 'doable'
- CVS Caremark Expands GLP-1 Formulary Coverage
- CVS obesity drug deal puts Lilly on equal footing with Novo

## Medicare GLP-1 Bridge Program Launches in July 2026 to Provide \$50 Monthly Weight Loss Wegovy and Zepbound

# Medicare GLP-1 Bridge Program Launches in July 2026 to Provide \$50 Monthly Weight Loss Wegovy and Zepbound

In a major policy shift, the Centers for Medicare & Medicaid Services (CMS) is launching the **Medicare GLP-1 Bridge** program on July 1, 2026. This 18-month pilot program, scheduled to run through December 31, 2027, will provide eligible Medicare Part D beneficiaries with access to select GLP-1 weight-loss medications—specifically Wegovy and Zepbound—for a fixed monthly copay of \$50.

The Medicare GLP-1 Bridge program operates under Section 402(a)(1)(A) of the Social Security Amendments of 1967. This structure allows CMS to conduct a short-term demonstration that sidesteps the 2003 Medicare Modernization Act, which legally bars standard Medicare plans from covering weight-loss drugs.

### Key Operational and Financial Details

The program is structured to operate entirely outside the standard Medicare Part D benefit's coverage and payment flow. Key details include:

- **No Insurer Risk:** Part D plan sponsors (private insurance companies) do not carry any financial risk for these drugs and do not have to opt in to the program.
- **Centralized Processing:** CMS has appointed a single central processor to manage prior authorizations, claims adjudication, and direct payments to pharmacies.
- **Beneficiary Cost-Sharing:** The standard Part D deductible does not apply to these prescriptions. However, the \$50 monthly copay will *not* count toward the beneficiary's True Out-of-Pocket (TrOOP) spending, and no low-income subsidy (LIS) is provided for this pilot.
- **Taxpayer Exposure:** The Trump administration originally attempted to test coverage through private Medicare Advantage and Part D plans, but insurers balked at the high financial exposure. Consequently, the program is funded directly by taxpayers and beneficiary copays. While the exact budget impact remains undisclosed, the program is expected to unleash billions of dollars in federal spending and millions of new patients, benefiting manufacturers Eli Lilly and Novo Nordisk.
- **BALANCE Model Delayed:** The Bridge program was originally designed as a transition to a broader "Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth" (BALANCE) Model in Part D. With the BALANCE model deferred, CMS extended the GLP-1 Bridge through the end of 2027 to collect more comprehensive utilization data.

## Quotes

From the official CMS Medicare GLP-1 Bridge overview:

"The Medicare GLP-1 Bridge is a short-term demonstration run by CMS that will provide eligible Medicare Part D beneficiaries with access to certain GLP-1 drugs between July 1, 2026, and December 31, 2027. The Medicare GLP-1 Bridge will operate outside of the Medicare Part D benefit's coverage and payment flow."

From STAT News on the program's funding and taxpayer impact:

"The temporary coverage of obesity medications, which sidesteps federal law, will unleash millions of new patients and billions of dollars in revenue for the drugs' manufacturers, Eli Lilly and Novo Nordisk. ... Instead, the drugs will be covered solely by taxpayers and the beneficiaries who fill prescriptions."

### Sources

- Medicare GLP-1 Bridge | CMS
- Medicare still won't say how much covering obesity drugs will cost
- CMS to Provide \$50 Monthly Access to Certain GLP-1 Medications
- The BALANCE Model and a New Wave of CMS Drug Pricing Models

## GLP-1 Obesity Drugs Fuel Plunge in Bariatric Surgery Rates, Creating Long-Term Uncertainty for Medtech

# GLP-1 Obesity Drugs Fuel Plunge in Bariatric Surgery Rates, Creating Long-Term Uncertainty for Medtech

The rapid adoption of GLP-1 receptor agonist medications for obesity is reshaping adjacent healthcare sectors, most notably metabolic bariatric surgery and the medical technology (medtech) companies that support it.

A landmark study led by Harvard T.H. Chan School of Public Health researchers and published in *JAMA Network Open* analyzed health insurance data from over 17 million commercially insured U.S. patients. The study revealed that between 2022 and 2023, as prescriptions for GLP-1 medications for obesity patients more than doubled (increasing by 132.6% for patients without diabetes), the rate of metabolic bariatric surgery plummeted by **25.6%**.

This trend represents a severe, structural shift in obesity care away from traditional, invasive anatomical surgeries (such as gastric bypass and sleeve gastrectomy) and toward medical pharmacotherapy.

## Long-Term Medtech Implications

This shift has created substantial uncertainty for hospital systems and medical device manufacturers that derive significant revenue from bariatric procedures. Affected companies include:

- **Intuitive Surgical (NASDAQ: ISRG):** The developer of the da Vinci Surgical System, which is heavily utilized in robotic bariatric operations. Intuitive Surgical currently holds a market capitalization of \$150.39 billion with a TTM revenue of \$10.58 billion (+23.0% YoY) and is debt-free. Although the company continues to see strong overall procedure growth (18% growth in 2025 to 3.2 million procedures), the long-term impact of a sustained decline in bariatric surgery remains a key area of strategic focus.
- **Other Medtech Giants:** Companies like Johnson & Johnson (Ethicon) and Medtronic, which manufacture staplers, sutures, and laparoscopic equipment used in weight-loss surgeries, face similar headwind exposure.

Despite surgical declines, some medical experts note that bariatric surgery and GLP-1 medications may eventually become complementary. Some patients who undergo surgery require GLP-1s for weight maintenance, while others utilize GLP-1s to reduce surgical risks pre-operatively. Nonetheless, the immediate effect is a significant headwind for bariatric surgical volumes.

## Quotes

From the study's lead author, Thomas Tsai (Harvard T.H. Chan School of Public Health):

“Right now there’s just a high degree of uncertainty for what this all means in terms of bariatric surgery volume in the long-term. But for patients, with all the different treatment options that now exist, this truly is a golden age.”

From the *JAMA Network Open* study:

"In the study, researchers analyzed health insurance data from over 17 million people in the U.S. They found that between 2022 and 2023, prescriptions of GLP-1 medications for obesity patients more than doubled, while the rate of bariatric surgery decreased by 25.6%."

Instance of [\[\[c19b6856947dd\]\]](#){why="This finding directly documents a 25.6% decline in metabolic bariatric surgeries driven by the rapid adoption of GLP-1 medications, illustrating the structural shift in obesity care."}

#### **Sources**

- Rise in obesity drug use linked with decrease in weight-loss surgery
- In the era of GLP-1 drugs, demand for bariatric surgery plunges
- Metabolic Bariatric Surgery in the Era of GLP-1 Receptor Agonists for Obesity Management
- ASMBS: 2020 to 2024 Saw Drop in Number of Metabolic, Bariatric Surgeries