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You've Already Paid \$6 Billion For Weight-Loss Drugs You Can't Afford

U.S. taxpayers spent billions developing Ozempic-type diabetes and weight-loss drugs — now those drugs' markups could bankrupt the U.S. health care system.

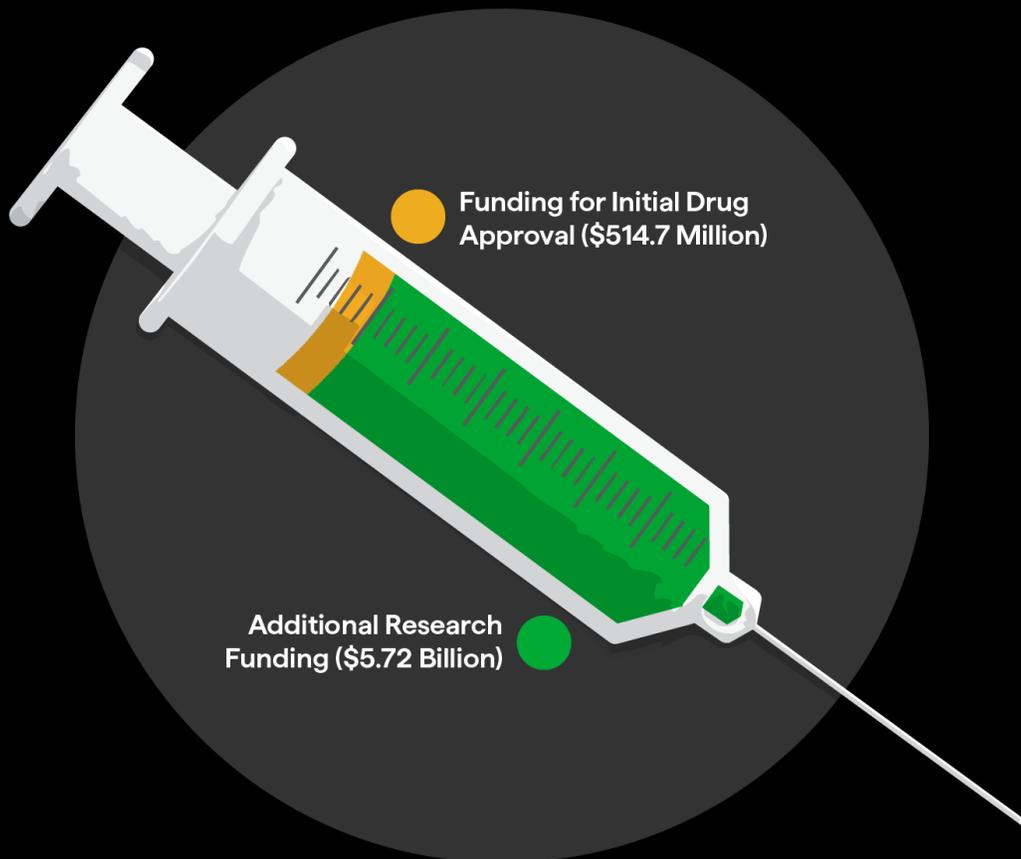


U.S. taxpayers spent an estimated \$6 billion researching, developing, and implementing new blockbuster weight-loss drugs, according to new data shared with *The Lever*. Yet Americans are now paying pharmaceutical giants — including one in Denmark — [up to 11 times](#) more for these medicines than patients in other countries, markups that are [inflating consumers' insurance premiums](#) and risk [bankrupting](#) the country's health care system.

It's unclear whether President Donald Trump will crack down on weight-loss drug price gouging. While Biden regulators selected two top-selling weight-loss medications for [Medicare price negotiations](#) this year, potentially lowering their price for millions of Americans, Trump has sent [mixed messages](#) about the future of price-negotiation programs and nominated people who've sold or promoted weight-loss drugs to oversee related [matters](#).

According to data shared with *The Lever* by researchers at Bentley University, the federal government spent \$6.2 billion from 1980 to 2024 on the discovery and development of glucagon-like peptide-1 (GLP-1) molecules, as well as research on how to use GLP-1 drugs to treat diabetes, obesity, and other diseases. GLP-1, a hormone that regulates blood sugar, was the foundation of the diabetes drug Ozempic, whose 2017 approval by the Food and Drug Administration launched a wave of other [GLP-1-based diabetes and weight-loss medications](#) coming to market.

Taxpayers Have Injected \$6.23 Billion Into Diabetes And Weight-Loss Drug Development



“You have to know a lot to develop a drug and to apply it in people,” said Fred Ledley, professor of natural and applied sciences at Bentley University, who provided the spending data and researches public and private sector investments [in drug development](#). “What we call a ‘mature body of knowledge’ is not cheap.”

[More than 15 million people](#) nationwide currently take GLP-1-related drugs like Ozempic, bringing in [more than \\$50 billion](#) in sales for pharmaceutical companies in 2024 — much of which went to the Danish pharmaceutical company Novo Nordisk. While the weight-loss drug market booms and related [ads](#) flood the [airwaves](#) and [internet](#), the drugs’ price markups are wreaking [havoc](#) on government budgets and even contributing to [electric and gas rate hikes](#). In 2022 alone, the federal health insurance plan Medicare spent [\\$5.7 billion](#) on this class of drugs, 10 times what it spent in 2018.

“The unjustifiably high prices of these weight-loss drugs could also cause a massive spike in prescription drug spending that could lead to a historic increase in premiums for Medicare and everyone who has health insurance,” Sen. Bernie Sanders (I-Vt.) wrote in a [statement last May](#). This has “the potential to bankrupt Medicare and our entire health care system.”

From 1989 to 1995, the National Institutes of Health (NIH) — the primary federal agency in charge of conducting and supporting medical research — required pharmaceutical companies to charge “[fair pricing](#)” for drugs developed in part with taxpayer money. Since then, [multiple legislative attempts](#) to reinstate the rule have failed.

Newly appointed Health and Human Services Secretary Robert F. Kennedy Jr. has criticized weight-loss drug manufacturers, [saying](#) in October that they were “counting on selling it to Americans because we’re so stupid and so addicted to drugs.” He changed his tune following Trump’s election, [telling](#) a reporter that such medicines “have a place” in the United States’ health care system.

Dr. Mehmet Oz, Trump’s pick to lead the Centers for Medicare and Medicaid, the U.S.’ public health insurance programs, has spent years [promoting](#) weight-loss drugs as a television host. Martin Makary, nominated to run the Food and Drug Administration (FDA), is currently the chief medical officer at a telehealth company [selling](#) compounded weight-loss medications.

Who Really Funds Our Drugs?

U.S. government funding is crucial for drug development. In a 2023 [study](#), Ledley and his colleagues found that the NIH contributed \$187 billion to scientific research that led to all but two of the 356 drugs approved in the U.S. between 2010 and 2019. This money mainly went toward basic science — foundational research that underpins drug discovery by identifying a key biological target, such as a protein or gene, that may be linked to a disease.

It took decades for scientists to discover and untangle the GLP-1 hormone, eventually leading to the development and approval of Ozempic and the subsequent weight-loss drug Wegovy, both of which are made by Novo Nordisk. Eli Lilly, a U.S.-based pharmaceutical company, also used GLP-1 research to develop the diabetes drug Mounjaro and the weight-loss therapy Zepbound.

“Without enough basic science, it’s impossible to develop a drug,” said Ledley. According to Ledley’s research, the pharmaceutical industry has saved an estimated nearly \$760 million in essential Ozempic research thanks to federal grants.

Following the approval of GLP-1 drugs, the NIH also supported research into their clinical application, which includes everything from scientific review articles to guidance documents that teach providers how to use the drug safely and effectively.

Think of this additional research as forming “the knowledge base that your physician would have at their disposal if you walked into an office tomorrow and talked about using Ozempic,” Ledley said.

The publicly funded research into these clinical applications is a bit harder to pin down than the basic science. Jonathan Gruber, an economics professor at the Massachusetts Institute of Technology, says that Ledley’s \$6 billion figure still may not capture the full picture.

“I’m just guessing you can probably cut that number in half or double it, depending on how generous you want to be with attributing various NIH decisions,” Gruber said.

Today, an estimated [one in eight](#) American adults have taken Ozempic or another GLP-1 drug, which have been shown to improve [health outcomes](#) and reduce the economic [burden](#) on the health care system. According to a report by the American Diabetes Association, the total estimated cost of diagnosed diabetes in the U.S. in 2022 was [\\$413 billion](#). Economists [project](#) that Medicare and Medicaid spending on obesity and obesity-related diseases will total \$4.1 trillion from 2024 to 2033.

Regardless of taxpayers’ significant contribution, Novo Nordisk’s list price for Ozempic [is nearly \\$1,000](#) per month in the U.S., [compared to](#) just \$147 in Canada, \$103 in Germany, \$93 in the United Kingdom, and \$83 in France. Wegovy is listed in this country for [more than \\$1,300](#) per month, compared to \$186 in Denmark, \$137 in Germany, and \$92 in the U.K. Currently, [fewer than one in five](#) employer-sponsored health plans cover GLP-1 drugs for weight loss, meaning many patients prescribed Wegovy are left to foot the entire bill.

At a [2023 Senate hearing](#) on diabetes, Kasia Lipska, an endocrinologist and associate professor of medicine at Yale School of Medicine, said that while these drugs help people lose weight and reduce the risk of complications related to diabetes and obesity, “the price tags for these new medications are simply outrageous.”

The high cost is limiting the drugs’ potential benefits, said Alissa Chen, who researches obesity treatment and medication costs at Yale School of Medicine.

“The high cost of GLP-1s means that despite how impactful and beneficial these medications are for patients with diabetes and obesity, many patients cannot access them,” said Chen. Because insurance rarely covers GLP-1 drugs to treat obesity, “I have some patients that decide to pay out of pocket for them, but it’s in the end not sustainable at a payment of over \$1,000 per month and they often discontinue them due to the high cost.”

Determining how much GLP-1 drugs should cost is complicated. In 2022, the Institute for Clinical and Economic Review, a group that analyzes the clinical and economic value of new medical treatments, [found](#) that the annual price of Wegovy — more than \$13,000 — was significantly higher

than it should be based on the overall health benefits patients receive from the treatment. They suggested that Novo Nordisk should charge \$7,500 to \$9,800 per year for the drug, with the top price representing the amount “at which a health system can reward innovation and better health for patients without doing more harm than good.”

Drug pricing negotiations that reflect the value of a drug to society are a practical way to assess economic value, Gruber said. “We as a society should say this is what the drug is worth.”

The Wider Costs

Right now, the high costs of GLP-1 drugs are being felt by everyone, not just patients taking the drugs.

This year, private health plan costs are expected to rise by 8 percent — the highest increase in 15 years apart from 2021, during the global COVID-19 pandemic — thanks in part to the rising cost of prescription medications. GLP-1 drugs are “a major driver of higher prescription drug costs,” according to [recent reports](#) by the benefits consulting firm Segal.

A [Senate report](#) from last May also found that if half of all Medicare and Medicaid patients with obesity took Wegovy and other GLP-1 weight-loss drugs, it could cost the federal health care system \$166 billion per year — nearly as much as what Medicare and Medicaid spent on all retail prescription drugs in 2022.

Such financial strain could be further exacerbated by the fact that Republican representatives recently passed a budget blueprint that [slashes an estimated \\$800 billion](#) in funding for Medicaid, the nation’s public health program for low-income Americans that covers more than [72 million](#) people.

The costs of these drugs are reverberating throughout the larger economy. New York City’s largest electricity provider, Con Edison, recently [announced](#) they would be [requesting](#) a rate hike to cover the company’s rising expenses. They cited a 12 percent increase in employee benefit costs “primarily due to rapidly rising costs and utilization of GLP prescription drugs.”

In 1989, the NIH imposed [pricing constraints](#) on drugs that were made as part of a “cooperative research and development agreement” between the federal government and private pharmaceutical manufacturers. This policy was implemented in response to the cost of the AIDS drug azidothymidine, which was developed with the help of federal scientists and in 1987 had a price tag of \$8,000 per year.

Just six years later, in the face of industry [pushback](#), the NIH [revoked the policy](#), citing that it drove “industry away from potentially beneficial scientific collaborations with [public health service] scientists.”

In the Senate, Sanders tried in 1995 and 2000 to pass legislation [reinstating the policy](#), but both efforts failed. He took up the torch [again in 2023](#), arguing the government should reinstate fair pricing requirements as part of government investment agreements with pharmaceutical manufacturers to ensure that taxpayers receive a greater return on their investments.

The Future Of The GLP-1 Market

As drug manufacturers report [incredible profits](#) from their taxpayer-supported weight-loss drugs, other companies are getting in on the action by using a regulatory loophole that allows them to sell “compounded” versions of GLP-1 weight-loss drugs that are not approved by the FDA.

Compounded drugs are [essentially copies](#) of FDA-approved drugs that are custom-made [for patients](#) with specific requirements, such as a particular dose or liquid medication. These custom medications don’t require FDA approval, as it would be unrealistic for the agency to review each drug that is designed to meet the [needs of an individual patient](#).

Compounded drugs are also allowed during drug shortages, which is what happened to both Eli Lilly’s and Novo Nordisk’s products because of high demand. Critics say the rise of compounded drugs [could be unsafe for consumers](#) due to unverified businesses, unapproved ingredients, and incorrect doses. The FDA noted similar concerns with [unapproved GLP-1 drugs for weight loss](#), stating that side effects like vomiting and diarrhea may arise from erroneous drug dosages.

But these concerns haven’t stopped companies from promoting compounded GLP-1 products.

Last year, the direct-to-consumer telehealth company Hims & Hers started selling compounded GLP-1 weight-loss medications that the executives [say](#) has helped the company reach [almost \\$1.5 billion](#) in overall revenue. During the Super Bowl, the company spent [millions](#) on [advertising the drugs](#), leading to a [650 percent spike in web traffic](#) — along with [scrutiny from lawmakers](#) because the commercials omitted required safety and side effect information.

A number of other health companies including [Noom](#), [Ro](#), [23andMe](#), and [WeightWatchers](#) also offer compounded GLP-1 medications. According to [new research](#), almost half of online pharmacies selling these compounded GLP-1 drugs are not reporting the drugs’ potentially harmful effects.

As of this February, all GLP-1 drug shortages have been [resolved](#), meaning the production of GLP-1 compounded drugs is no longer permitted [under current FDA regulations](#). Whether this secondary market will be completely shut down, however, remains to be seen. The FDA does not plan to take action against compounding manufacturers for [60 to 90 days](#), and Trump’s pick to run the agency, Martin Makary, is [chief medical officer](#) at a telehealth company that offers a compounded GLP-1 medication.

In January prior to Trump’s inauguration, officials selected Ozempic and Wegovy to be two [of the 15 drugs](#) subject to [2025 Medicare price negotiations](#) — part of the 2022 [Inflation Reduction Act](#) that requires the government to negotiate lower prices with pharmaceutical companies for certain drugs covered under Medicare. Advocates hope that price negotiations for weight-loss drugs will continue, ensuring Americans can access crucial treatments they’ve already invested in.

“The public deserves a return on investment,” Ledley said. “Government is the first investor in innovation, and there’s no reason the public should not get a return commensurate with what private investors deserve.”