



The Rise of GLP-1s in Healthcare and Employer Benefits

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Let's face it—the buzz around GLP-1 medications like Ozempic, Wegovy, and Mounjaro isn't going anywhere. Originally designed to manage type 2 diabetes, these medications have gained attention for their effectiveness in weight management, too. As more employees look to these treatments for their health, employers are being asked to adapt their benefits plans to meet this demand—without breaking the bank.

The good news? Spending accounts like Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs) offer practical ways to help employees manage costs. Plus, when structured correctly, these options can keep your plan compliant with regulatory guidelines. Let's explore how these accounts can work for you and your team.

How Spending Accounts Pair with GLP-1s

Spending accounts provide tax advantages and help employees cover out-of-pocket expenses—a win-win for everyone. Here's how they stack up for GLP-1 coverage:

Health Savings Accounts (HSAs)

Overview

- **Eligibility:** Employees must be enrolled in a High Deductible Health Plan (HDHP).
- **Features:** Contributions are tax-deductible, funds roll over year-to-year, and withdrawals for qualified medical expenses are tax-free.

GLP-1 Compatibility

- **Eligible Uses:** HSAs can be used to pay for GLP-1 prescriptions if prescribed for a medical condition such as type 2 diabetes or obesity.
- **Ineligible Uses:** HSAs can't cover GLP-1s prescribed solely for cosmetic or general weight loss purposes (per IRS guidelines).

Compliance Tips

- Make sure medical necessity is documented for eligible GLP-1 prescriptions.
- Help employees understand what expenses qualify to avoid accidental misuse.

Flexible Spending Accounts (FSAs)

Overview

- **Eligibility:** Available through employer-sponsored health plans.
- **Features:** FSAs let employees set aside pre-tax dollars for healthcare expenses, but funds must be used within the plan year (or a limited carryover if allowed).

GLP-1 Compatibility

- **Eligible Uses:** FSAs can cover GLP-1 costs if prescribed for a medical condition.
- **Ineligible Uses:** FSAs can't be used for general weight-loss purposes unless medically justified.

Compliance Tips

- Double-check that plan documents clearly define eligible expenses.
- Keep communication straightforward so employees know how to use their FSA wisely.

Health Reimbursement Arrangements (HRAs)

Overview

- **Employer-Funded:** HRAs are entirely funded by the employer.
- **Customization:** Employers decide on funding limits and eligible expenses.

GLP-1 Compatibility

- **Eligible Uses:** HRAs can reimburse employees for GLP-1 costs if the employer includes these in the plan.

Compliance Tips

- Follow ACA nondiscrimination rules to ensure fairness across the team.
- Be clear in your plan documents about what's covered to avoid confusion.

Which Spending Account Is Best for GLP-1 Coverage?

Spending Account	Employee Contributions?	Funds Roll Over?	Can Be Used for GLP-1s?	Best For

HSA	Yes	Yes	Yes (if medically necessary)	Employees with HDHPs who want long-term savings benefits.
FSA	Yes	No (limited carryover)	Yes (if prescribed for a medical condition)	Employees planning for upfront healthcare expenses.
HRA	No (Employer-funded)	Employer decides	Yes (if employer allows)	Employers seeking control over healthcare reimbursements.

Final Thoughts: Structuring Benefits to Support GLP-1 Coverage and Stay Compliant

Navigating the rising demand for GLP-1 medications can feel tricky, but it doesn't have to be. By combining HSAs, FSAs, and HRAs, you can:

- Empower employees to afford GLP-1 medications prescribed for medical needs.
- Keep costs manageable with targeted reimbursements through HRAs.
- Offer flexibility and tax savings with HSAs and FSAs.

And let's not forget compliance! Aligning your benefits plan with IRS guidelines, maintaining proper documentation, and adhering to ACA rules will keep things running smoothly. A proactive, transparent approach ensures your employees feel supported while keeping your organization ahead of the curve.

With the right plan, you'll be well-equipped to tackle the challenges and opportunities GLP-1s bring to the table—all while championing your employees' health and wellness.