

# CAPITOL STREET

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## **BALANCE Voluntary GLP-1 Demo in Medicare (2027) & Medicaid (2026)**

Positively, Part D Plans Bear No Financial Risk for GLP-1 Coverage in '26 & More GLP-1 Rules Forthcoming

Relevant Companies



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### »» Our Take & Next Up

**At long last, CMS Center for Innovation's GLP-1 Medicaid (May '26) & Medicare (Jan '27) model, BALANCE, was released after the close Dec 23 [here](#).** Similar to the prior GENEROUS model (see our analysis [here](#)), the BALANCE model allows CMS to negotiate with GLP-1 manufacturers on behalf of Medicaid agencies and Medicare Part D plan sponsors. The BALANCE Model will launch in Medicaid in May 2026 and in Medicare Part D in January 2027.

**Another GLP-1 Part D pilot (that starts July 2026) will serve as a short-term bridge to the BALANCE Model starting in 2027 & we note PDPs carry zero risk 2H26.** Part D plans will not carry risk for eligible GLP-1 products furnished under this demo, per CMS. CMS will publish additional info on this GLP-1 payment demo in early 2026.

**What now? Manufacturers, states, and Part D plans have until Jan 8 to notify CMS, an uncharacteristically quick turnaround timeline.** (1) CMS notes that an additional Medicare Part D model will be announced in early 2026. We expect this model to ease Part D plans into GLP-1 coverage in 2027. (2) Manufacturers have until January 8, 2026 to apply for the model, a very quick turnaround, but we note the two players in the space likely said "yes" already by agreeing to MFN terms ([here](#)). (3) State Medicaid agencies and Part D plans must also submit a notice of intent by January 8. (4) We will know BALANCE participating manufacturers by February 2026 and participating Medicaid state agencies by May 2026. (5) Recall CMS rolled out GLOBE & GUARD to rein in Part B & D costs: we think the rebate model is clever in GLOBE, and we are still digesting GUARD. Our deep-dive is [here](#).

### »» Key Points

**CMS is waiving the ban on Medicare coverage of weight loss drugs via a voluntary CMMI model released this evening called BALANCE.** BALANCE (Better Approaches to Lifestyle and Nutrition for Comprehensive hEalth) will be a *voluntary* model for GLP-1 manufacturers, states, and Medicare Part D and MA-PD plans. See model [here](#).

**A separate pending “bridging” Medicare Part D demo will shield Part D sponsors from cost – positive for plans – for 2H26.** CMMI plans to announce another GLP-1 demo (starts July 2026) that will serve as a short-term bridge to the BALANCE Model that starts in 2027. Part D plans will not carry risk for eligible GLP-1 products furnished under this demo, which allows them to control expected costs in 2026. However, the BALANCE model will likely involve participating Part D plans to bear risk and factor in associated GLP-1 costs in their 2027 bids.

**The model starts on May 1, 2026, in Medicaid, and January 1, 2027, in Medicare Part D.** Eligible manufacturers for the initial negotiations are those manufacturers that market, or expect to market by January 1, 2027. This model will be limited to:

- FDA approved products for weight management that are;
- Gastric inhibitory polypeptide (GIP) receptor agonists, glucagon-like peptide-1 (GLP-1) receptor agonists, glucagon receptor agonists or in any combination that show;
- Clinical evidence of reduced body weight by at least 9.5% on average.

**For BALANCE, CMS will negotiate voluntary coverage and pricing terms directly with each eligible manufacturer, likely including supplemental rebates.** This is structured similarly to other CMMI demos (GENEROUS, CGT). Notably, CMS will negotiate terms for both Medicaid agencies and Medicare plans in the same model. Per the Request for Application (RFA), these pricing agreements may include guaranteed supplemental rebates in Medicaid & Medicare and manufacturer-provided lifestyle support.

**IRA Medicare negotiated GLP-1s (Wegovy, Ozempic, Rybelsus) will be exempt from maximum fair prices for plans participating in this model in 2027.** This is due to implications for federal savings. As a reminder, GLP-1 drugs (Wegovy/Ozempic/Rybelsus) were selected for 2027 negotiations. The negotiated price (\$274) is somewhat higher than the MFN price (\$245).

**CMMI is moving quickly on GLP-1 coverage, as most terms have been agreed upon in manufacturer MFN agreements (NVO, LLY).** CMS expects to negotiate manufacturer participation prices and terms in January 2026. See framework of the MFN agreements for LLY & NVO below. As a reminder (here):

- Medicare & Medicaid prices will be \$245 with Medicare co-pay expected to be \$50.
- CMS intends to provide Medicare coverage for 3 major groups (1) individuals with a body mass index over 27 and established prediabetes or cardiovascular disease; (2) those with a body mass index over 30 and uncontrolled hypertension, kidney disease or heart failure; or (3) those with a body mass index over 35.
- GLP-1 drugs (Ozempic and Wegovy, Zepbound and Orforglipron) will also be available through TrumpRx at roughly \$350.
- The deal also continues to include the framework seen in previous deals with MFN pricing on new launches, Medicaid MFN pricing access, and DTC access.

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