

# Insurers Balk at Trump's Medicare Obesity Drug Coverage Plan

An Eli Lilly & Co. Zepbound injection pen. *Photographer: Shelby Knowles/Bloomberg*

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Health insurers are raising questions about the Trump administration's plan to cover obesity drugs in Medicare next year, casting doubt on whether enough insurers will sign on to the effort for it to launch as planned.

[CVS Health Corp.](#), parent of the major Medicare insurer Aetna, declined to participate in the obesity coverage program, a spokesperson told Bloomberg News. [UnitedHealth Group Inc.](#) raised doubts about the effort on its earnings call Tuesday.

"There are some notable challenges and outstanding questions with the currently planned structure," Bobby Hunter, UnitedHealth's chief of government programs, said on the call with analysts.

The program, a high priority of the Trump administration, had a crucial April 20 deadline for insurers to join. The White House got drugmakers Eli Lilly & Co. and Novo Nordisk A/S to agree to [price concessions](#) on their blockbuster weight-loss medications, in exchange for a promised expansion of Medicare coverage for the therapies.

Shares of Lilly dropped 2.1% at 1:05 p.m. in New York, paring earlier losses, while Novo's US depository receipts fell 3.6%. UnitedHealth, which reported earnings that beat investor expectations, rose 8.4% and CVS was up less than 1%.

The administration's plan would make insurance companies responsible for covering wildly popular weight-loss medications in Medicare plans starting in January. That could cost health insurers billions of dollars in its first year, a recent [study](#) suggested.

They would likely have to raise premiums for Medicare prescription drug plans to cover the expense.

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Medicare insurers had until April 20 to tell the government whether they would participate in the plan to add coverage for weight-loss drugs from Lilly and Novo in 2027. If the [Centers for Medicare and Medicaid Services](#) doesn't get most insurers to sign up, the program can't go forward, the agency has said.

The administration had planned a stopgap [policy](#) to let seniors on Medicare access the drugs starting this July, with the government picking up the tab. That program, called Bridge, was meant to end Dec. 31, with insurers managing the coverage starting in January.

Since CMS apparently didn't get enough insurers to participate, "they are very likely to extend the Bridge model through 2027," TD Cowen analyst Molly Turcowrote in a research note.

Hunter said UnitedHealth would participate in the Bridge program.

### Still Possible

"Today's comments look like posturing, as program details continue to be worked out rather than a wholesale refutation of the program," BMO Capital Markets analyst Evan Seigerman wrote, suggesting the reaction by drugmakers' shares was overdone.

A representative for CMS didn't immediately respond to a request for comment. Representatives for Lilly and Novo didn't immediately comment.

Hunter didn't explicitly say the company had declined to join, but he said UnitedHealth was still working with CMS. "We'd like to find a path to 'yes' there on coverage over time," he said.

UnitedHealth is the largest seller of private Medicare Advantage plans. CMS would likely need all large insurers to hit the 80% threshold for participation.

A representative from UnitedHealth said the company didn't have any comment beyond Hunter's remarks on the earnings call. Representatives from Humana Inc., Elevance Health Inc. and Centene Corp. didn't respond or declined to comment on whether they planned to participate.

Medicare is barred by law from covering medicines to treat obesity, and the Trump administration halted a Biden-era effort to get around that prohibition. The voluntary programs offer another avenue to provide coverage. Many seniors can already get weight-loss drugs because they treat other conditions, such as heart disease or sleep apnea.

Pricing for wider coverage, though, would be a challenge for insurance companies on a tight time-frame. Insurers need to submit their bids to Medicare for 2027 soon, and underwriters have little historical data to model how much such a coverage expansion would cost.

The Trump administration has argued that the lower prices it negotiated with drugmakers last year would offset the cost of adding coverage for millions of new patients. The plan will “expand access and lower prices for obesity GLP-1 medication without passing the bill to taxpayers,” Mehmet Oz, director of CMS, said in a video promoting the plan.