GLP-1 and Moral Hazard: Encouraging Obesity

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Abstract

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1 Introduction

1.1 Background and Motivation

In the last few years, a classification of drugs known as GLP-1 receptor agonists have become massively prevalent. The original purpose of these drugs was to help type-2 diabetics with management of blood sugar. Particularly, the drug aimed to assist those with cardiovascular problems or obesity. However, the drug has gained broader popularity via its appetite suppressing and weight loss properties. Those without diabetes are being prescribed the drug both with cause and without. Whether it be helping obese individuals begin to lose weight, or act assisting people who want to lose a few pounds, the different variants of GLP-1 agonists have become wildly popular.

The popularity of the drug brings to mind a question regarding how it effects people's consumption. Specifically, are those who take it for cosmetic reasons making the corresponding lifestyle improvements, or does the drug simply allow them to consume with a diminished risk of weight gain? Further, if the drug does encourage lifestyle improvements through consumption, are there policy remedies to more broadly utilize it to tackle the obesity problem in the United States?

The growth in prescribed use of the GLP-1 drugs has also allowed for massive growth in the companies which made it to the game early is staggering. For instance, Novo Nordisk, manufacturers of Wegovy, saw 30year-on-year growth from 2024-2025. Understanding how the specific medications have influenced growth for pharmaceutical manufacturers would allow for insights into the larger market.

1.2 Problem Statement

This paper seeks to understand how access to GLP-1 drugs alter consumption habits amongst users. By defining a lifetime consumption model over food, we would be able to understand how consumption of foods in various sectors varies with time on the medication. This is of interest since, given the United States' known issues of obesity and weight related afflictions, understanding the effects of GLP-1 inhibitors could allow for policy insight such as federal funding initiatives to lower the barrier to access these prescriptions. Further, understanding the consumption behaviors of users grants insight into the efficacy of these drugs. For instance, if a user were to alter lifestyle behaviors by switching food consumption to healthier alternatives, this would be valuable for lowering the future health risks associated with behavior like long term consumption of processed foods. If we see overall food consumption fall, this may be a problem behavior given the need for well rounded, calorically sufficient diets. Thus, these consumption patterns would grant a glimpse into potential health risks which are being implied by use of the drug.