

WeightWatchers enters weight loss drug market with Sequence acquisition

Article

The news: WeightWatchers is acquiring Sequence, a telehealth company that prescribes popular [weight loss drugs](#), for \$106 million.

- WeightWatchers will combine its long-established food-tracking weight loss program with Sequence's medication-based service.
- WeightWatchers plans to endorse [Sequence's offerings](#) to its **3.5 million members**, per the Wall Street Journal.

More on Sequence: Sequence members pay **\$99/month** for telehealth appointments, access to dietitians and fitness coaches, and an app to track weight loss progress.

- Sequence's clinicians can prescribe obesity medications, including increasingly popular GLP-1 drugs like **Ozempic** and **Wegovy**.
- The cost of GLP-1 medications is *not included* in the membership price.

Zooming out: Telehealth providers are emerging as vehicles to deliver GLP-1 drugs to patients by including prescriptions as part of an online obesity treatment program.

- [GLP-1 drugs](#) stimulate the body to produce more insulin, in turn lowering blood sugar levels.
- Patients who are [considered obese](#) can expect to lose about **15% of their body weight** in a little over a year's time when taking GLP-1 meds.
- **Ro** recently rolled out a virtual [weight loss program](#) that includes GLP-1 medications for obesity treatment.
- **Found** and **Calibrate** are players with more established virtual care weight loss programs that enable its providers to prescribe GLP-1 drugs.

Key stat: [Obesity drugs](#) could expand from a **\$2.4 billion market segment to a \$54 billion category by 2030**, according to Morgan Stanley Research.

Yes, but: GLP-1 meds are quite expensive and often aren't covered by insurance.

- Some GLP-1 meds, like Ozempic, are **FDA-approved for diabetes and not for weight loss**.
- That means insurers could determine that these drugs aren't medically necessary when used just for weight loss treatment.
- If a patient's health plan does not cover the GLP-1 drug, the out-of-pocket cost for it could be **as much as \$1,600/month**.

Plus, consumers need to vet companies offering weight loss prescriptions online.

- For example, telehealth startup **NextMed** is being scrutinized for shady advertising of GLP-1 meds that it prescribes.
- It was touting fake testimonials—that have since been removed—from its customers who have been [prescribed Ozempic](#), per a WSJ report.
- And it promotes Ozempic as an FDA-approved weight loss drug, despite the agency not certifying it for that purpose.

Our take: Telehealth providers are moving into the weight loss drug market, which is not dissimilar to their entrance into the controlled substances market to treat mental health conditions.

Digital health players will need to avoid making the same [clinical and ethical mistakes](#) as virtual mental health startups like **Cerebral**—otherwise they’ll be viewed by consumers and regulators as dishonest drug pushers. WeightWatchers has the brand name recognition to succeed, whereas lesser-known startups could struggle, particularly if patients’ health plans don’t cover the pricey meds.

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