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Here's the Tax Beat broadcast for December 3

Subject Line: Welcome to the Ozempic Economy

If you've noticed that Santa and his elves look a little slimmer this year, it's not your imagination. Weight loss drugs like Ozempic, Wegovy, and Zepbound have become so popular that economists are now tracking what they call the Ozempic Economy. When a diabetes medication becomes a lifestyle trend powerful enough to move airline stocks, clothing companies, and grocery chains, you know something interesting is happening. And as always, there are tax angles hiding in all this too.

The most obvious question is whether these medications are deductible. The short answer is yes, but with a few caveats. If a licensed doctor prescribes the medication for a legitimate medical reason, the cost can count as a qualified medical expense. That means you can pay it from your HSA or FSA, and it can count toward the medical itemized deduction if you clear the usual hurdles.

What's not deductible is the celebrity version of Ozempic use. If your medical justification is that you want to fit into your reunion outfit or win a bet with your golf buddy, the IRS will call shenanigans. Doctors are cautious for the same reason.

The next ripple effect is employer health plans. As demand for these drugs rises, insurance companies are scrambling to decide which versions to cover, how long to approve them, and under what conditions. Some large employers are already warning that covering them could spike premiums. Others are switching to wellness programs to push non-pharmaceutical solutions. If you sponsor a group health plan, this is a quiet storm worth watching. If these drugs become a standard benefit, premiums could go all SpaceX launch on us.

There's also a business deduction lesson buried inside the Ozempic story. A few companies have reported unexpected changes in customer behavior linked to the popularity of weight loss drugs. For example, some airlines are seeing a tiny improvement in fuel efficiency per passenger. Pizza sales revenue is down. Couture fashion houses are celebrating because, quelle horreur, they don't make plus sizes. This is a good reminder that markets shift faster than tax law. If your business follows consumer trends, those adjustments can affect you more than you may think.

Another interesting twist is the surge in wellness-related spending. Many people who lose weight begin investing in gym memberships, fitness tech, nutrition programs, or coaching. Most of that spending is personal and not deductible, no matter how healthy it makes you feel. But there are exceptions for certain employer sponsored wellness programs. If you're a business owner considering a companywide wellness initiative, the tax code offers several ways to structure benefits to support your employees' health while staying deductible. Just avoid anything that looks like giving employees treadmills. The IRS will not love that.

The biggest long-term takeaway is that the Ozempic Economy isn't really about one drug. It's about a shift in how Americans approach health. As more people pursue medically supervised weight loss, more dollars flow into healthcare, coaching, fitness, and food services. Those dollars have tax footprints. HSAs become more valuable. Employer plans become more complex. Consumers become more interested in sussing out deductible expenses. Businesses in wellness and nutrition get new opportunities and new compliance burdens.

If you're considering one of these medications, talk with us before you assume the expense is deductible. If you run a business, think about how changing customer habits might touch your bottom line. And talk with us about the tax impact! Trends like this may not stay in the headlines for long, but they often leave behind lasting tax consequences.

So welcome to the Ozempic Economy. Whether you're cheering it on, ignoring it completely, or quietly wondering if your doctor is on board, it's already reshaping the way people spend money. And whenever money shifts, taxes usually shift right alongside it.

Kevin

