

MEMORANDUM

TO: Health Care Commission
J. Scott Day
Steve Dechant
Mark McGivern
Sandy Praeger

FROM: Mike Michael

DATE: June 7, 2013

SUBJECT: **Bariatric Surgery Coverage for Plan Year 2014**

Over the course of the last few meetings, we have presented information about bariatric surgery and the options for adding a bariatric surgery benefit to the State Employee Health Plan (SEHP). For obese individuals the prevalence of a comorbid conditions is 48 percent compared to 23 percent for non-obese individuals. The total annual estimated excess cost for obese individuals is \$30.5 million. The total annual estimated excess cost for surgery eligible persons is \$23.1 million, which represents the amount of spending which could be affected by adding a bariatric surgery benefit. Aon has estimated the potential return on investment if these individuals could reduce their weight and ultimately their health risks, as a potential cost savings of \$6.2 million over 10 years.

The coverage for bariatric surgery would be limited in scope to focus on members at greater risk and who have demonstrated their readiness to make the necessary life changes. To be eligible for coverage the member must:

- Have a Body Mass Index (BMI):
 - Between 35 and 40 with 2+ comorbidities or
 - Greater than 40 with 1+ comorbidities
- Have participated in at least one failed medically supervised weight loss program of at least 6 months in length
- Complete a medical and psychological assessment
- Complete a 3 month multi-disciplinary pre-operative regimen
- Agree to work with a case manager post-operatively for a minimum of six (6) months.

In addition:

- Coverage is limited to one bariatric surgery procedure per lifetime
- Services must be provided at a Center of Excellence

Recommendation:

The SEHP include coverage for bariatric services beginning with Plan Year 2014.