

**SUBJECT:** Allowing bariatric surgery coverage for state employees

**COMMITTEE:** Pensions, Investments and Financial Services — committee substitute recommended

**VOTE:** 7 ayes — Truitt, Anchia, Flynn, Hernandez, Hopson, Veasey, Woolley  
0 nays  
2 absent — Anderson, Parker

**WITNESSES:** For — Kelli Amick, Adam Smith, Allergan, Inc.; Ray Perryman; Lloyd Stegemann, Texas Association for Bariatric Surgery; (*Registered, but did not testify*: Jesus Mendoza, Deirdre Monroe, Allergan, Inc.; Amber Pearce, Texas Healthcare and Bioscience Institute)  
  
Against — None  
  
On — Robert Kukla, Employees Retirement System of Texas

**DIGEST:** CSHB 2026 would add bariatric surgery coverage for eligible state employees. Under the bill the board of trustees for the Employees Retirement System of Texas would develop a cost-neutral or cost-positive plan for providing bariatric surgery coverage under the group benefits program.  
  
This bill would take effect September 1, 2009.

**SUPPORTERS SAY:** By providing eligible state employees the option of bariatric surgery, also known as gastric bypass surgery, the bill would establish a cost-effective way to positively affect the lives and health of severely obese workers. The bill would allow ERS to offer the same procedure as those receiving health benefits from the Teacher Retirement System, but at a cost-positive or cost-neutral position to the state.  
  
The impacts of obesity are clear and well known. Being overweight increases the likelihood that one will have other medical problems, such as Type 2 diabetes, hypertension, asthma, heart disease, and some forms of cancer. In addition to these health benefits, there are numerous financial

implications as well. Employees with a body mass index (BMI) of over 40 cost employers 13 times more in annual medical and absenteeism costs than healthy-weight workers. According to a 2007 comptroller's report on obesity, the cost of obesity to Texas employers in 2004 was over \$3 billion and is estimated to be over \$15 billion by 2025. According to the same report, obesity rates in Texas, and the nation, are on the rise. In 2005, roughly 27 percent of Texas adults were classified as obese as compared to 12 percent in 1990.

In addition to affecting employee productivity, obesity also affects health-care spending. From 1987 to 2001, the prevalence of obesity accounted for 12 percent of the total growth in health spending. CSHB 2026 would allow eligible employees to take advantage of a cost-effective, possibly life-saving procedure, that has advanced to the point where complications are low. Only employees who had been covered under the state's health plan continuously for five years and who had a BMI of 35 or more would be eligible for the procedure. This would ensure that only those employees who need the service would be eligible. CSHB 2026 would be a positive step to improve the health of state employees and would allow the state to realize savings from reduced health care costs as a result of the procedure.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The Senate companion bill, SB 2577 by Jackson, was reported favorably, without amendment, by the Senate State Affairs Committee on May 12.

The committee substitute would require ERS to develop a cost-neutral or cost-positive plan to provide bariatric surgery, while the bill as filed would have required ERS to provide plan coverage after a study determined that the procedure could be offered in a cost-positive or cost-neutral manner to the state.