

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 8, 2009**

**TO:** Honorable Robert Duncan, Chair, Senate Committee on State Affairs

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB2577** by Jackson, Mike (Relating to bariatric surgery coverage for state employees.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
---

The bill would amend Subchapter E, Chapter 1551, Insurance Code by adding Section 1551.225 to require the Employees Retirement System (ERS) Board of Trustees to develop a cost-neutral or cost-positive plan for providing bariatric surgery under the group benefits program. The bill would take effect September 1, 2009.

The bill would require the Group Benefits Program (GBP) health plan, HealthSelect, to make coverage for bariatric surgery available to enrollees as long as the benefit is cost-neutral or cost-positive to the plan, meaning the benefit would not increase healthcare costs to the GBP.

ERS reports that in order to achieve cost-neutral or cost-positive results, some examples of potential benefits designs would include, but not be limited to: (a) availability to employees who have been covered under the HealthSelect portion of the GBP continuously for 5 years prior to the surgery; (b) adherence to guidelines established by the GBP's Third Party Administrator (TPA) including, but not limited to, a Body Mass Index (BMI) of 40 or more, or a BMI of 35 or more with at least 1 co-morbidity, and participation in a medically supervised weight loss program and failure at least 1 year prior to the surgery; (c) services would be required to be performed at a Center of Distinction, as defined by the TPA; (d) benefits would be subject to a separate deductible and co-insurance rate; (e) expenses would not be applied against the employee's annual out-of-pocket limit; (f) benefits would be limited to in-network only and no coverage would be available out-of-network or through a non-contracted facility or physician; and (g) surgery would only be allowed once in the lifetime of a member.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 327 Employees Retirement System

**LBB Staff:** JOB, KJG, DEH