BILL ANALYSIS

C.S.H.B. 2677
By: Thompson
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that diabetes and obesity remain significant health issues in the United States in 2025. According to the National Institute of Diabetes and Digestive and Kidney Diseases, while millions struggle with diabetes, the comorbid condition of obesity affects 42 percent of U.S. adults. According to the Centers for Disease Control and Prevention, approximately 34.4 percent of the adult population in Texas, and nearly 33 percent of Texas adults ages 65 and older have obesity. The New England Journal of Medicine reports that the adult obesity rate in Texas is projected to increase to up to 53 percent by 2030. C.S.H.B. 2677 seeks to address the obesity epidemic in Texas by providing Medicaid reimbursement for certain treatments of obesity and certain diabetes prevention program services.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2677 amends the Human Resources Code to require the Health and Human Services Commission (HHSC) to ensure that Medicaid reimbursement is provided for health care services provided to a Medicaid recipient for the treatment of obesity, including intensive behavioral therapy, metabolic and bariatric surgery, and, subject to the medication's inclusion in or provisional availability under the vendor drug program, anti-obesity medication. The bill defines the following terms:

- "anti-obesity medication" as a prescription medication approved by the FDA that is indicated for chronic weight management in an individual who is diagnosed with obesity;
- "intensive behavioral therapy" as an evidence-based, multi-component behavioral or lifestyle modification intervention that is designed to support healthy weight management as recommended by current clinical standards of care and is provided by a variety of qualified providers, including licensed dietitians;
- "metabolic and bariatric surgery" as a surgical procedure that alters the stomach, the intestines, or both to cause weight loss in an individual diagnosed with obesity or an obesity-related metabolic disorder and is endorsed by the American Society for Metabolic and Bariatric Surgery;
- "obesity" as a chronic disease diagnosed as having a body mass index (BMI) of 30 or greater;
- "recipient" as a recipient of medical assistance; and

- "telehealth service" and "telemedicine medical service" by reference to statutory provisions relating to telemedicine, teledentistry, and telehealth.

The bill establishes that intensive behavioral therapy provided under Medicaid may be provided in person, including in office or in a community-based setting, or remotely as a telehealth service or telemedicine medical service, and may include interventions certified or recognized by the CDC or recommended by current clinical standards of care. The bill requires the executive commissioner of HHSC by rule to establish medical necessity criteria for anti-obesity medications provided under Medicaid, which may not be more restrictive than the indications for the medications that are approved by the FDA and must be based on the classes of obesity established by the CDC. The bill authorizes HHSC or a Medicaid managed care organization (MCO) to apply utilization management to determine medical necessity for a health care service authorized under the bill's provisions only if the determinations of appropriateness and medical necessity are made in the same manner as those determinations are made for other health care services provided under Medicaid. The bill requires the executive commissioner of HHSC to adopt rules necessary to implement these provisions and requires HHSC, as soon as practicable after the date the bill's provisions are implemented, to provide written notice to Medicaid recipients regarding the availability of obesity treatment options under Medicaid.

C.S.H.B. 2677 requires HHSC to ensure that Medicaid reimbursement is provided to a diabetes prevention program supplier for services provided to a Medicaid recipient enrolled in a diabetes prevention program if the recipient meets the program's eligibility requirements and has not previously participated in the program while a recipient. The bill authorizes HHSC or a Medicaid MCO to use utilization management to determine medical necessity for services provided by a diabetes prevention program supplier under these provisions only if the determination of medical necessity, including a determination of the appropriateness of the services, is made in the same manner as the determination is made for other health care services provided under Medicaid. The bill defines the following terms:

- "diabetes prevention program" means a program designed to prevent or delay the onset of Type 2 diabetes by providing a person enrolled in the program a series of structured behavioral health change sessions based on a curriculum approved by the CDC; and
- "diabetes prevention program supplier" means an entity included in the National Registry of Recognized Diabetes Prevention Programs maintained by the CDC.

If before implementing any of the bill's provisions a state agency determines that a waiver or authorization from a federal agency is necessary for implementation of that provision, the agency affected by the provision must request the waiver or authorization and may delay implementing that provision until the waiver or authorization is granted.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2677 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the introduced defined the term "intensive health behavioral and lifestyle treatment" as an evidence-based, multi-component behavioral or lifestyle modification intervention that supports healthy weight management, the substitute replaces that definition with "intensive behavioral therapy" and defines the term as an evidence-based, multi-component behavioral or lifestyle modification intervention that is designed to support healthy weight management as recommended by current clinical standards of care and is provided by a variety of qualified providers, including licensed dietitians. The substitute includes a provision absent from the

introduced defining the term "obesity" as a chronic disease diagnosed as having a body mass index (BMI) of 30 or greater.

With respect to the requirement in the introduced for HHSC to ensure that Medicaid reimbursement is provided for health care services provided to a Medicaid recipient for the treatment of the chronic disease of obesity, including intensive health behavioral and lifestyle treatment services, metabolic and bariatric surgery, and anti-obesity medication, the substitute does the following:

- replaces references to intensive health behavioral and lifestyle treatment services, as in the introduced, with references to intensive behavioral therapy; and
- specifies that the inclusion of anti-obesity medication is subject to the medication's inclusion in or provisional availability under the vendor drug program, whereas the introduced did not.

While both the introduced and substitute require the executive commissioner of HHSC by rule to establish medical necessity criteria for anti-obesity medications provided under Medicaid, which may not be more restrictive than the indications for the medications that are approved by the FDA, the substitute also requires that those criteria be based on the classes of obesity established by the CDC, whereas the introduced did not.

The substitute includes a provision absent from the introduced authorizing HHSC or a Medicaid MCO to use utilization management to determine medical necessity for services provided by a diabetes prevention program supplier under the bill's provisions only if the determination of medical necessity, including a determination of the appropriateness of the services, is made in the same manner as the determination is made for other health care services provided under Medicaid.