

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6696**  
**BILL NUMBER: SB 212**

**DATE PREPARED: Jan 25, 2000**  
**BILL AMENDED: Jan 24, 2000**

**SUBJECT:** Insurance Coverage for Treatment of Morbid Obesity.

**FISCAL ANALYST:** Alan Gossard  
**PHONE NUMBER:** 233-3546

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires the state to provide coverage under group insurance plans for public employees for the treatment of morbid obesity. The bill also requires an insurers that issue accident and sickness insurance policies and health maintenance organizations (HMOs) that provide coverage for basic health care services under an individual or group contract to offer coverage for the treatment of morbid obesity.

The bill requires that coverage for morbid obesity include surgical treatment. It also requires an insurer that requires prior authorization for the treatment of morbid obesity to notify an insured of the determination of coverage not more than 21 days after the date prior authorization is requested.

**Effective Date:** July 1, 2000.

**Explanation of State Expenditures:** (Revised) This bill requires that the state provide coverage through the state employee health benefit program for the treatment of morbid obesity. At least some of the health plans providing coverage to state employees already provide coverage for treatments for morbid obesity when medically necessary. However, to the extent that some plans may be required to provide more coverage than currently provided, there could be additional costs imposed on the health plans. If the plans pass the additional costs on to the state in the form of higher premiums and enrollment fees, there would be additional state costs in the provision of health benefits to state employees. By agreement with the state employees, the state agrees to pay 93.5% of any increase in the premiums for both single and family coverage during the life of the agreement. Employees will pick up the remaining 6.5% of any increase.

*Background:* Two of the seven health plans providing coverage to state employees (Humana and Maxicare) have responded to requests for information.

(a) Maxicare covers gastroplasty surgery when medically necessary. Cosmetic surgery or drugs such as

anorexiant are excluded.

(b) Humana excludes weight loss treatments, but gastric bypass and gastroplasty surgery are covered if medically necessary.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** This bill requires insurers and HMOs to "offer coverage" for the treatment of morbid obesity. No requirement to purchase coverage is mandated by the bill. Consequently, there is no fiscal impact imposed on local governments and school corporations in the provision of health benefits to their employees.

**Explanation of Local Revenues:**

**State Agencies Affected:** All

**Local Agencies Affected:**

**Information Sources:** Keith Beesley, Indiana Department of Personnel, (317) 232-3062.