

## **Insurance Companies Turning Away From Gastric Banding Surgery**

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Weighing the pros and cons of paying for gastric bypass surgery. Although the surgery is popular, some health plans and employers are refusing to pick up the tab.

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For Cingular Wireless, the skyrocketing cost of obesity hit home last year when the communications company looked into an absenteeism problem at its call centers. An unusually high number of workers were out on short-term disability after undergoing gastric bypass, a form of weight-loss surgery that's become increasingly popular in the last few years. In all of 2002, about 100 employees had the surgery. In just the first half of 2003, that number soared to almost 400 employees, costing the company \$6 million in medical claims. The bill for some surgeries with complications was higher than six figures.

While gastric bypass, which is the most popular kind of bariatric surgery, has helped obese people lose weight and improve their lives, it's also very risky. One Cingular employee died from the procedure, another had serious complications, and a third employee had to have the procedure reversed. Given the steep cost and risks involved, last August the Atlanta-based company stopped offering its 40,000 employees insurance coverage for the surgery. "It's very expensive, and there's not a lot of data that it's a permanent, long-term fix," says Lisa Hertel, director of employee health and productivity at Cingular. "It's not a one-shot deal where you pay your money and you're done. I'm not saying it was an easy decision to make, but I think that as (employers) look at the economics of this, they're going to realize it's not a silver bullet."

Cingular is not alone in rethinking its decision to offer insurance coverage for bariatric surgery, which typically costs between \$25,000 and \$40,000. Although an increasing number of people are getting the operation, serious questions remain, and employers are grappling with whether or not to cover the procedure. Most have yet to decide what to do.

The question also has become a hot issue as a growing number of health insurance companies, including Blue Cross Blue Shield of Florida, UnitedHealthcare and Kentucky-based Humana Inc., have dropped coverage of bariatric surgery in the past year. While fully insured employers have no choice but to stop coverage if their health provider drops it, self-insured employers are on their own in making a decision.

Currently, 48 percent of employers offer insurance coverage for bariatric surgery, according to a 2003 survey by Mercer Human Resource Consulting. Some employers say that if they don't pay for the surgery now, they'll pay the price later in higher medical claims for problems linked to obesity, such as high blood pressure, high cholesterol, heart problems and diabetes. "It's shortsighted to eliminate coverage for the surgery, because you'll pay in the long run," says Stephanie Pronk, a senior consultant for Watson Wyatt in Washington, D.C. "We have to change attitudes about how we're looking at this. When somebody needs coronary-bypass surgery, we don't deny them that surgery because they could have complications and die. For some reason, we look at obesity differently. It's not looked at as a disease."

As the number of workers who are overweight continues to rise, obesity increasingly affects companies' bottom line. Nearly two out of three American adults are overweight or obese, according to the CDC National Health Center for Statistics, and the percentage of U.S. adults considered obese doubled between 1980 and 2000, from 15 percent to 31 percent. The U.S. Department of Health and Human Services estimates that the total cost of obesity to U.S. companies is \$13 billion per year. The highest rate of increase in medical and disability-claims costs is among 30- to 39-year-olds, and both are due to obesity, says Helen Darling, president of the National Group on Health, a Washington, D.C.-based consortium of 208 large employers. "If our sickest people are in their 30s and 40s, we are in huge trouble as a country and as a workforce," she says.

Until about five years ago, most self-insured companies didn't cover bariatric surgery, but now tens of thousands of people want

the procedure. The number of bariatric surgeries jumped to 103,200 last year, up from 16,200 in the early 1990s, according to the American Society of Bariatric Surgery. The procedure should be considered only for those with a body-mass index above 40-or about 100 pounds overweight-or for slightly less obese people with life-threatening complications such as high blood pressure or coronary disease, according to the National Institutes of Health. Most employers are being cautious, Darling says. If they're not covering the surgery now, they're waiting to see more research on complications and death rates. If they cover it already, they're wondering whether they should, she says.

For Cingular, offering coverage didn't make economic sense. Most of the employees who were getting the surgery worked in the call centers, where turnover can be a problem. "How do you cost-justify this operation when turnover in some call centers can be as high as 40 percent, and you're repaying \$40,000 for a surgery?" Hertel says. Of the 374 employees who had the surgery during the first half of 2003, about 20 percent were no longer with the company by the end of the year.

Company officials also had concerns about the quality of care that their employees were receiving. With gastric bypass, a surgeon attaches the patient's small intestine directly to a pouch that has been created in the stomach. Food then bypasses part of the small intestine, which reduces the body's absorption of calories and nutrients. About 2 percent of patients die during or after gastric bypass. Studies show that it takes more than 100 procedures for a surgeon to become competent in performing the surgery, and many surgeons are still in their first 100 operations, says Michael Cryer, M.D., an associate consultant for Hewitt Associates, based in Lincolnshire, Illinois. "Literally, a doctor can go to a weekend seminar and start performing gastric-bypass surgeries the next week," Hertel says.

Wal-Mart also decided not to offer insurance coverage for bariatric surgery after reviewing the information on the surgery's outcomes and complications. The retail giant believes the operation is too risky and "that the medical community has not come to a consensus about the safety of this surgery," says company spokesman Dan Fogleman.

Those employers that offer coverage are now focusing on how to control costs and make sure their employees are getting the best care possible. The Pittsburgh-based insurance company Highmark Inc., an independent licensee of the Blue Cross Blue Shield Association, offers bariatric-surgery coverage to its 12,000 employees, but in January tightened its eligibility requirements, says Rich Little, director of corporate employee benefits. To qualify for coverage, an employee who is morbidly obese must have undergone and failed a weight-loss and nutrition program and received psychiatric counseling. "We want to make sure the right people are getting (the surgery) for the right reasons, and that's our biggest concern right now," he says. Just 10 employees had the operation last year, but the numbers are rising.

Among Highmark's 4 million plan members, gastric bypass is the fastest-growing procedure. Although it's difficult to measure, the cost of not offering the coverage would undoubtedly be higher than paying for the surgery, Little says. Employers will pay higher health-care and disability costs for obesity-related conditions. And when employees are out sick, a company gets hit with indirect costs-lost productivity, increased training and lower morale among coworkers who are covering for their absent colleagues, Little says.

If companies decide to cover the surgery, the National Business Group on Health recommends that they participate in bariatric networks with access to top surgical centers. This year First Health Group Corp., a company located in Downers Grove, Illinois, that administers health plans, started a bariatric network for its member companies, says Susan Fleming, senior vice president of product management and external affairs. Surgeons in the network, the first of its kind nationwide, must have performed more than 100 surgeries per year for two years and have a record of low complication rates and minimal weight gain in patients after surgery. First Health negotiates discounts of up to 50 percent with in-network surgeons, dropping the cost of the procedure to as low as \$15,000.

Whether or not companies decide to offer coverage for bariatric surgery, it's critical to help fight obesity on

the front end, with programs that raise awareness about proper diet and exercise, Cryer says. The New York-based pharmaceutical company Pfizer Inc., which offers its 40,000 U.S. employees bariatric surgery coverage, is shifting its focus from the "cost of disease to the value of good health and setting up programs that support that," says Liz Borzomati, senior director, benefits and HR policy. The company has an on-site fitness center, Weight Watchers classes and an assessment program that assigns health coaches to employees considered at risk for problems like diabetes and heart disease.

While some employers contend that when resources are tight, it's difficult to prove a return on investment for these kinds of programs, Cryer says wellness initiatives are key to fighting obesity. "Bariatric surgery is just one little treatment, and it's not going to be the cure for the problem," he says. "If you don't try to cure the problem, there aren't going to be enough surgeons in the world to fix it."

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