Dear State Leader,

Welcome to the first installment of the STOP Obesity Alliance "Obesity and the States" bulletin, a periodic report on topics of interest to state leaders having to manage issues related overweight, obesity and chronic disease in their state. The STOP Obesity Alliance is a diverse coalition of consumer, provider, government, labor, business, health insurers and quality-of-care organizations that are working together to change the way America approaches the problem of obesity, overweight and weight-related health risks, including heart disease and diabetes.

Based at The George Washington University's Department of Health Policy, the Alliance undertakes various research and policy initiatives to advance its mission. As part of its efforts related to health reform last year, the Alliance began a new dialogue looking into the impact of obesity at the state level. The Alliance convened an initial State Leader Roundtable in August 2010 with Medicaid directors; state employee health benefits purchasers; health commissioners; and legislators. Participants discussed barriers to action as well as successes some have made in reducing costs and improving health. (Information on that first roundtable can be found here.)

This "Obesity and the States" report summarizes a major endeavor the research team at GW conducted to get a comprehensive understanding of obesity-related insurance regulation and coverage across all 50 states and the District of Columbia. It is the first time such a state-by-state survey of this nature has been conducted, providing a unique resource for public and private sectors that allows comparison across states and a starting point to discuss possibilities for implementing new interventions, other programs. You can find all the charts here.

Inaugural State Obesity Roundtable Participants

District of Columbia
Maine
North Carolina
Tennessee
West Virginia
Wisconsin

We hope this information is useful to you and that you sign up for additional reports we will send throughout the year. Please send any comments, questions or input to my attention at obesity@gwu.edu.

Thank you,
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State Survey of Coverage of Obesity Interventions Finds Coverage of Treatment Options Limited for Overweight and Obese Populations Across the United States

Researchers for the STOP Obesity Alliance at The George Washington University's Department of Health Policy (GWU) conducted a survey of coverage of obesity interventions across the fifty states and the District of Columbia. GWU investigated levels of coverage for preventive services, non-surgical and surgical treatments, and medical interventions for obesity and obesity-related chronic conditions under state Medicaid and state employee health benefit plans. The survey also examined small group and individual state insurance mandates for obesity treatment coverage.

Methods

GWU researchers reviewed State Medicaid and employee health benefits plans for coverage in the following categories:

- lifestyle programs for general enrollees;
- lifestyle programs for pregnant enrollees;
- disease management programs;
- pharmaceuticals indicated for weight loss;
- bariatric surgery; and
- wellness incentive programs.

GWU researchers, including legal researchers, analyzed state insurance codes to determine whether states' eligibility and rate adjustment determinations were, or could be, based upon obesity or health status factors, as well as any mandates for obesity-related treatments.[i]

Findings

Overall, the research findings demonstrate that public payers are limited in the obesity and weight-related services they cover and the covered services are inconsistent. Comparing coverage and mandates across states, there is wide variation in what states cover with respect to obesity prevention and treatment. Within a single state there is often inconsistent policy decisions made regarding what services to include in a health benefits package, as well as what to specifically exclude.

One of the most interesting research findings is that states' coverage and mandate decisions appear to lack any evidence base, both across the states and within a state. This is particularly noteworthy given that there are well-recognized federal sources states may utilize when making these decisions, namely the U.S. Preventive Services Task Force (USPSTF) and the National Heart Lung and Blood Institute of the National Institutes of Health (NIH). Both of these organizations issue evidence-based guidance regarding prevention, screening, and treatment of obesity yet these guidelines appear not to have been considered by most states.

Lifestyle Programs and Preventive Services

Category includes discounts on gym memberships and commercial weight loss programs, online risk assessment modules, and behavioral modification tools.

Medicaid

- Twenty-nine states exclude coverage of commercial weight loss programs or behavioral modification counseling, since there is no federal requirement for such coverage.
- Alabama, North Dakota, Oklahoma, and Oregon will reimburse providers for nutritional counseling, **only if** the primary indication for the service is **not** obesity.

State Employee Health Benefit Programs

- Twenty states offer at least one plan with an online risk assessment and related health coaching services.
- Thirty-four states have at least one employee benefit plan that offers discounts on commercial weight loss programs or gym memberships.

Services for Pregnant Women

Category includes risk assessments and follow-up nutritional and behavioral modification counseling beyond standard maternity and delivery care.

Medicaid

- All fifty states and the District of Columbia provided risk assessment and related counseling services for a healthy pregnancy and lifestyle
- Only California, Delaware, and Oregon explicitly name obesity as a factor meriting additional outreach and case management during pregnancy.

State Employee Health Benefit Programs

- Twenty-six programs have at least one plan offering a risk assessment and related services during pregnancy..

Services for the Pediatric Population

Category focuses on interventions targeted for weight management and childhood obesity initiatives under the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) services for Medicaid beneficiaries under age 21.

- Eight states advise providers to conduct screenings and follow-up services for obesity, weight management, and related co-morbidities.
- Arizona has adopted a family-centered counseling model for overweight or obese pediatric patients.

Disease Management Programs

Category includes provision of disease management programs for chronic diseases such as, diabetes mellitus, hypertension, chronic obstructive pulmonary disease (COPD), coronary artery disease (CAD), asthma, and sleep apnea.

Medicaid

- Twenty-eight states provide coverage for services such as diabetes self-management training or chronic disease case management.

- Idaho, Connecticut, Michigan, and Nebraska provide for the non-surgical treatment of obesity, if the services are vital to treating a chronic condition.

State Employee Health Benefit Programs

- All state employee health benefit programs, **except Alaska**, have at least one plan that offers a disease management program for an obesity-related chronic condition. **Diabetes is the most commonly targeted condition.**

Coverage for Pharmaceuticals Indicated for Weight Loss

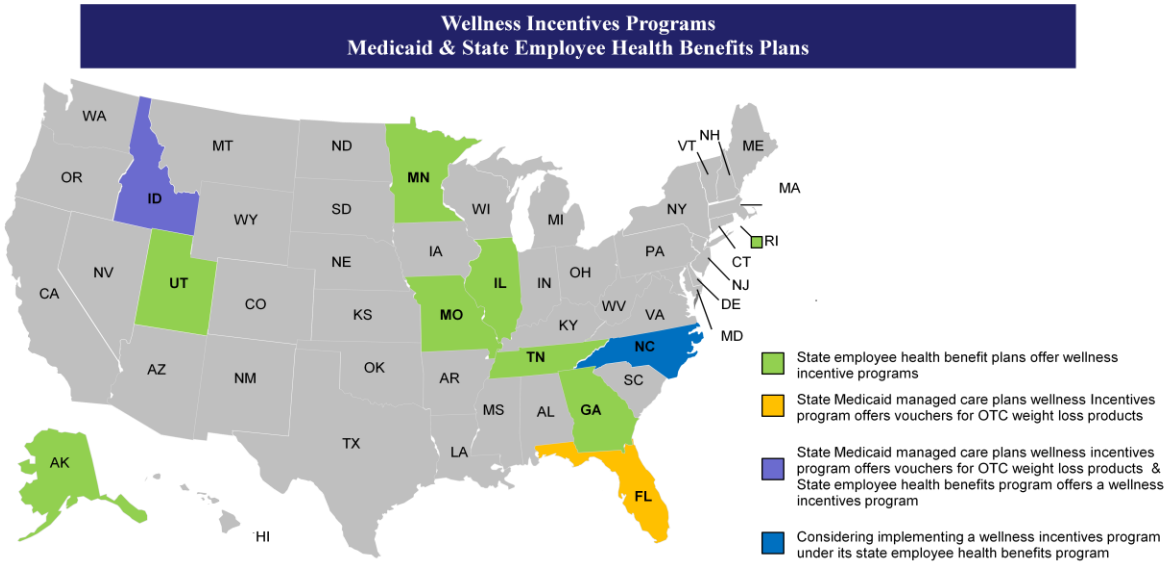
Category includes coverage of outpatient medications: Xenical (orlistat), Meridia (sibutramine), Adipex (phentermine), and lipase inhibitor.

Medicaid

- Twenty-seven states exclude coverage of medications indicated for weight loss from the Medicaid prescription drug benefit.
- Twenty-four states that offer coverage of weight loss medications require the patient to receive prior authorization.
    - These states may also require the patient to have a Body Mass Index greater than or equal to 30kg/m^2 or greater than 27kg/m^2 with at least one co-morbid condition.

State Employee Health Benefit Programs

- Twenty-six state employee benefit plans exclude coverage for medications indicated for weight loss.
- Twenty states have at least one employee benefit plan that will cover weight loss medications if prior authorization and BMI criteria are met.



Coverage for Bariatric Surgery

Most states adhere to the Medicare National Coverage Determination for Bariatric Surgery, which requires an eligible patient to have a BMI greater than or equal to 35kg/m^2; at least one co-morbidity related to obesity, particularly diabetes; and previous unsuccessful attempts with medical treatment for obesity.

Medicaid

- Forty-four state Medicaid programs may cover bariatric surgery for eligible beneficiaries who satisfy prior authorization criteria and have at least one co-morbid condition. *States may also require the presence of morbid obesity for three to five consecutive years and documentation of failed previous attempts at weight loss.*
- Seven state Medicaid programs exclude coverage for bariatric surgery.

State Employee Health Benefit Programs

- Thirty-nine states have at least one plan that may cover bariatric surgery for enrollees satisfying prior authorization or medical necessity requirements.
- Arkansas, Idaho, Kansas, and Louisiana exclude bariatric procedures from state employee health benefits.

Incentive Programs

Category includes wellness incentive programs designed to reward members with a reduction in cost-sharing requirements for maintaining a specified health status factor and/or participating in health promotions programs.

Medicaid

- Idaho and Florida have adopted incentive programs that offer vouchers for over-the-counter products for weight loss.

State Employee Health Benefit Programs

- Only nine state employee health benefit programs offer wellness incentive programs that reward enrollees for compliance with behavioral modification programs.

State Coverage Mandates

<u>Eligibility</u>

Small Group Market

- In the small group market, federal HIPAA regulations require guaranteed issue and renewal; therefore, thirty-nine states and the District of Columbia have laws that explicitly "prohibit" or "forbid" the use of health status information for enrollment and/or renewal eligibility.

Individual Market

- Twenty-two states do not have any laws regarding eligibility criteria for the individual market.
- Five states have guaranteed issue and renewal laws.
- Nineteen states have **guaranteed renewal laws[ii] only**.

<u>Rate Adjustments</u>

Small Group Market

- Seven *adjusted community rating*[iii] states explicitly prohibit health status considerations in rate setting.
- New York and Vermont are *pure community rating* states and prohibit health status considerations in premium setting.
- Thirty-four states have implemented *rating bands,* which allow insurers to mark up a premium based on health status. State rating bands start at an allowable increase of up to 10% above the plan's index rate (California and Colorado) and go up to an allowable increase of up to 60% (Arizona). The most common rate band is up to 25%.
- Generally, **renewal rate adjustments** may not exceed a15% increase of the index rate.

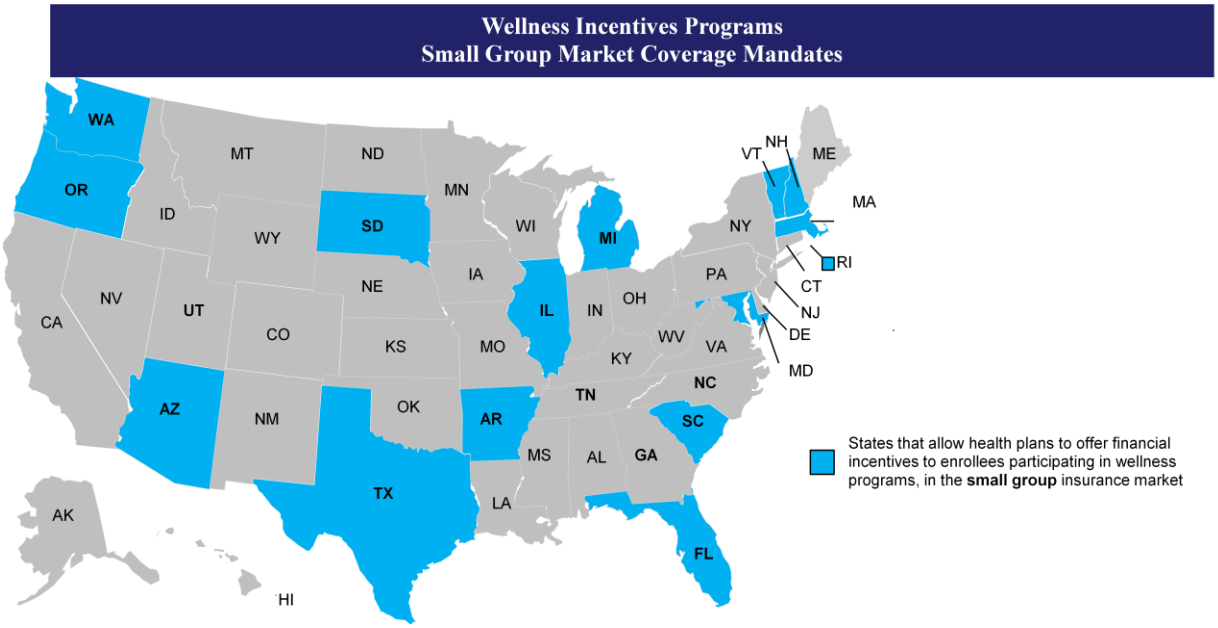
Individual Market

- Twenty-six states are silent on rate adjustment criteria.
- Seven states utilize *rating band*[iv] that allow renewal rate adjustments ranging from 15% to 50% above the index rate.
- Maine, New York, and Vermont, *pure community rating*[v] states, prohibit health status consideration in premium determinations.
- Massachusetts, New Jersey, Oregon, and Washington also prohibit health status considerations in setting premiums.
- In states without specific regulatory structures in place for the individual market:
    - South Carolina allows health status to be used as a factor to determine premiums.
    - California allows insurers to use weight as a factor for determining rates and underwriting.
    - Tennessee allows health plans to base underwriting on physical conditions, **excluding HMOs**.

State Mandated Coverage of Obesity Related Treatments

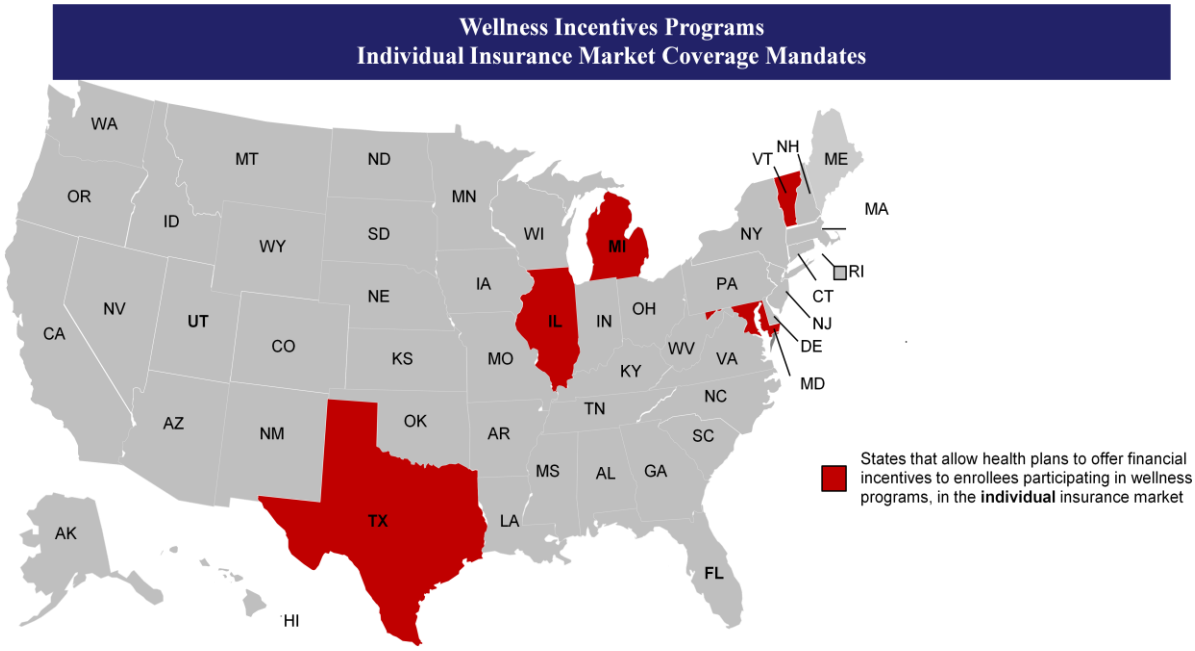
Small Group Market

- Twenty-nine states and the District of Columbia do not have any coverage mandates for obesity-related treatments in the small group market.
- Colorado, Michigan, New Jersey, and Vermont mandate coverage of prevention and wellness programs for overweight and obese enrollees.
- Indiana, Maryland, and New Hampshire require insurers to provide coverage for surgical treatment of morbid obesity, including bariatric surgery.
- Virginia requires coverage for gastric bypass surgery.
- Utah is the only state that explicitly states an exclusion of coverage for gastric bypass or related surgeries.
- Fifteen states allow, but do not require, health plans to offer financial incentives to encourage health plan enrollees to participate in wellness programs.



Individual Market

- Thirty-eight states and the District of Columbia do not have any coverage mandates for obesity related treatments in the individual insurance market.
- Colorado, Michigan, New Jersey, and Vermont mandate coverage of prevention and wellness programs for overweight and obese enrollees
- Indiana, Maryland, and New Hampshire require insurers to provide coverage for surgical treatment of morbid obesity, including bariatric surgery.
- Virginia requires coverage for gastric bypass surgery in the individual market.
- Utah explicitly states an exclusion of coverage for gastric bypass or related surgeries in the individual market.
- Illinois allows individual health plans to limit or exclude coverage for weight-reduction procedures or treatments, except for morbid obesity.
- Illinois, Maryland, Michigan, Texas, and Vermont are the only states that allow health plans to offer financial incentives to participate in wellness programs.



[i] All research related to this project was conducted during the Winter of 2009 and Spring 2010.

[ii] **Guaranteed Renewal Laws** are federal laws that require insurers offering health benefits in the small group market to renew an employer's health coverage at the employer's option. See, EBRI - http://www.ebri.org/pdf/surveys/sehbs/fsregs.pdf

[iii] **Adjusted Community** Rating occurs when premiums cannot vary based on health status but may be adjusted based on other factors. See, Kaiser -http://www.statehealthfacts.org/comparetable.jsp?cat=7&ind=351

[iv] **Rating Bands** are limitations on the amount by which premiums can vary due to health status. See, Kaiser - http://www.statehealthfacts.org/comparetable.jsp?cat=7&ind=351

[v] **Pure Community Rating** occurs when premiums also cannot vary based on health status or any other factor. See, Kaiser - http://www.statehealthfacts.org/comparetable.jsp?cat=7&ind=351