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Health Costs and Insurance Claims Less For Morbidly Obese After Bariatric Surgery

New Study Shows Insurers Recover Costs in 2 to 4 Years Even After Accounting for Complications

Boston, September 8, 2008 — Insurers recover their costs for bariatric surgery in two to four years depending on the type of surgery that is performed, according to a new study published today in *The American Journal of Managed Care (AJMC)*, a peer-reviewed journal on health outcomes research.

The study found health care costs for patients who were morbidly obese and had bariatric surgery dropped while costs for morbidly obese patients who did not have surgery continued to rise. The analysis covered six months of pre-surgical evaluation and care, the surgery itself, and up to five years of post-surgical care, including any costs incurred for complications from surgery. Costs and claims were monitored for morbidly obese patients who did not have bariatric surgery over the same period.

The study, authored by an interdisciplinary team of economists and bariatric surgeons and led by Analysis Group Inc., a leading economic consulting firm, compared actual insurance claims filed by 3,651 bariatric surgery patients to actual claims filed by an equal number of morbidly obese patients who did not have surgery. Patients were matched for age, gender, geography, health status, and baseline costs. All patients were morbidly obese and most suffered from multiple obesity-related conditions including hypertension, diabetes, dyslipidemia, and sleep apnea. Patients were predominantly female (86%) and were, on average, 44-years-old.

Researchers used the Ingenix private insurer claims database containing medical and drug claims from 1999 to 2005 and covering more than 5 million lives from 31 large companies. The study was funded by Ethicon Endo-Surgery, Inc., a manufacturer of minimally invasive and traditional surgical devices and instruments for bariatric surgery and many other areas of surgery.

The study shows that insurers fully recovered the costs of laparoscopic bariatric surgery in about two years and in about four years for traditional, open bariatric surgery. Reductions in costs associated with prescription drugs, physician visits, and hospital services offset the \$17,000 average cost of laparoscopic surgery and the \$26,000 average cost of traditional, open bariatric surgery.

The *AJMC* study authors report that their study using actual claims records is an improvement over a [previous study](#) that relied on survey data to estimate cost savings and prior literature to estimate the costs of bariatric surgery.

“We have identified the breakeven point for insurers,” said Pierre-Yves Crémieux, PhD, a managing principal of Analysis Group, adjunct professor of economics at the University of Quebec at Montreal, and lead author of the study. “This is a surgery that basically pays for itself within a relatively short period of time.” (MORE)

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Medical costs for patients who had laparoscopic bariatric surgery were up to \$900 per month lower than those of their morbidly obese counterparts as early as 13 months after surgery. The costs of their surgery were fully recovered after 25 months. Costs of open surgeries performed between 1999 and 2002 were fully recovered in 77 months, but between 2003 and 2005 those costs were recovered in only 49 months, potentially due to improvements in surgical techniques, surgeon experience, and the development of bariatric “centers of excellence.”

“Treating morbid obesity with bariatric surgery makes clinical sense and now it makes economic sense, even accounting for potential complications from surgery,” said Henry Buchwald, MD, PhD, co-author of the study, professor of surgery, University of Minnesota, and a pioneer in bariatric surgery.

Most patients in the study had traditional gastric bypass surgery (73%), 12 % had laparoscopic gastric bypass, 11 % had traditional gastric restrictions without bypass, and another 4 % had laparoscopic surgery without bypass.

“When you add the health benefits of bariatric surgery including resolution or improvement of significant diseases like type 2 diabetes, sleep apnea, and hypertension to its cost benefit, you have a procedure that not only saves the health care system money, it saves lives,” said Scott Shikora, MD, co-author of the study and chief of general surgery, bariatric surgery, and minimally invasive surgery at Tufts–New England Medical Center.

In the last two years, studies in the *New England Journal of Medicine (NEJM)* and the *Journal of the American Medical Association (JAMA)* showed that the benefits of bariatric surgery extend beyond weight loss. In [JAMA \(Jan. 2008\)](#), weight loss associated with bariatric surgery resulted in diabetes remission in 73 percent of the patients and in *NEJM (Aug. 2007)*, bariatric surgery resulted in [long term weight loss](#) and a [dramatic decrease in death](#) from diabetes (down 92%), coronary artery disease (down 56%), and cancer (down 60%).

According to guidelines from the [National Institutes of Health \(NIH\)](#), a person must have a body mass index (BMI) of 40 or more, or a BMI of 35 or more with an obesity-related disease to be a candidate for bariatric surgery. Currently, [two-thirds of American adults](#) are overweight or obese, with the populations of people with morbid and extreme obesity [growing at the fastest rates](#).

About Bariatric Surgery

According to the [American Society for Metabolic & Bariatric Surgery \(ASMBS\)](#), about 205,000 people had some form of bariatric surgery last year and more than 15 million people in the U.S. are morbidly obese. The two most common procedures are gastric bypass and gastric banding.

About Analysis Group

Analysis Group (www.analysisgroup.com) provides economic, financial, and business strategy consulting to leading law firms, corporations, and government agencies. The firm has more than 450 professionals, with offices in Boston, Chicago, Dallas, Denver, Los Angeles, Menlo Park, New York, San Francisco, Washington, and Montreal.

About *The American Journal of Managed Care*

The *American Journal of Managed Care* is an independent, peer-reviewed publication dedicated to publishing original research in health care outcomes and creating a forum for scientific communication in the ever-evolving field of health care delivery. The journal is indexed in MEDLINE/PUBMED.