

Public Testimony

Senate Banking and Insurance Committee

Senate Bill 926, Printer's No. 1237

Direct Primary Care

December 12, 2017

Introduction

Independence Blue Cross (Independence) thanks Chairman White, Chairman Street, and members and staff of the Senate Banking and Insurance Committee for the opportunity to offer comments on Senate Bill 926, the Medical Service Agreement Act sponsored by Senator Browne. This legislation would allow Pennsylvanians to enter into direct agreements with physicians and pay set fees for the delivery of primary care services. Importantly, the bill specifically states that such agreements are not considered insurance products, thereby exempting them from any state regulatory oversight.

Independence has been operating for nearly 80 years in the 5-county southeastern Pennsylvania region and provides insurance coverage to nearly 2.5 million members with the mission of enhancing the health and well-being of the people and the communities we serve. Independence is committed to working collaboratively with our providers in the southeast to develop new methods for the payment and delivery of health care based on best practices, real time data exchange and accountability while keeping our members at the center of all that we do.

We recognize Senate Bill 926 as another potential alternative in the evolution of how health care is traditionally paid for and delivered. We also recognize that giving consumers a new way to access health care services should be coupled with adequate consumer protections. In the case of Senate Bill 926, consumers may be agreeing to pay directly for services that are at best duplicative of services for which they have already paid a premium or at worst inadequate with no consumer protection (other than legal recourse) in the event there are issues or problems with the agreements or services provided.

Independence is not opposing this legislation. We are asking that the Committee proceed with caution and carefully consider the potential impacts to patients when they enter into unregulated agreements involving health care services.

Senate Bill 926

Senate Bill 926 permits an individual to enter into a medical service agreement with a physician to provide direct primary care services “for a period of time in exchange for a direct fee” which may be in the form of a membership, subscription, retainer or another monthly fee as determined by the physician.

Further, the bill outlines the standards for medical service agreements. They must:

- Be in writing
- Be signed by the patient or their guardian or legal representative and the physician
- Allow either party to terminate upon written notice
- Describe specific health services that are to be covered under the agreement
- Specify the period of time that the agreement will be in effect
- Include a disclaimer that the agreement does not provide comprehensive health care services

The agreement standards outlined in the bill represent somewhat of a bare minimum for payment and delivery of health care services when compared to insurance products regulated by the Commonwealth.

Some of the questions members of the Committee may want to consider:

- Do providers have to offer direct primary care agreements to all of their patients or can they pick and choose based on health status or other factors?
- Can providers price such agreements according to a patients' health status since the physician would have firsthand knowledge of a patient's medical record? And can that price be changed (in terms of amount or frequency) at the providers' discretion?
- If agreements can be priced differently, would patients with higher priced agreements receive care or appointments more quickly?
- What is to be done if a physician practice finds itself financially unable to deliver what is promised in the agreements?
- How much notice will a physician provide if he or she would like to end the agreement and what happens to patients who are in an ongoing course of treatment?
- What happens and who can intervene if a patient with a direct primary care agreement is having trouble seeing the provider and accessing promised services?
- How does this payment model enhance care coordination or improve health care quality and outcomes?
- Other than licensure, what standards or requirements does a physician need to meet to enter into a medical service agreement with a patient?
- How will a patient be informed if a provider loses his or her license or has other limitation on their ability to provide services under the agreement?

Direct Primary Care - Duplicative or Inadequate?

When considering the value of direct primary care agreements, the question arises as to whether the services purchased are duplicative or inadequate?

For anyone with existing health insurance coverage, a direct primary care agreement would be duplicative. Primary medical care services as they are defined by Senate Bill 926 are already covered by health insurance plans. Further, the Affordable Care Act (ACA) requires a host of preventive services (screenings, vaccines, etc.) be covered at no cost to the consumer.

We would also note that Independence provider contracts prohibit network providers from charging Independence members a fee or surcharge (above and beyond premium and applicable cost sharing) to access services. Network providers contractually agree to accept payment from Independence as payment in full for covered services and hold the member harmless from any further billing. Our network providers would be prohibited from entering into direct primary care agreements that would duplicate existing coverage and charge a direct fee to the member for such services.

While one of the bill's requirements is that any direct primary care agreement have a disclaimer noting that "This agreement does not provide comprehensive health insurance coverage," there remains a concern that consumers will not fully understand the actual limits to the agreement until they face a more serious medical situation. If, for example, a patient needs an MRI, outpatient procedure, prescription drug or hospitalization, they will quickly come to realize that these are services beyond the direct primary care agreement and they will be paying out of pocket. Consumers may understand too late that what they have purchased is inadequate to meet more serious health care needs.

Conclusion

It has been noted several other states have enacted legislation regarding direct primary care agreements. As with any state legislation with ties to a national agenda, there are nuances to these bills which vary from state to state. We would encourage the Committee to look to other states that have chosen to include more specific consumer protections in their laws and require more oversight of these agreements.

Independence appreciates this opportunity and the Committee's efforts to take a closer look at the nuances presented in Senate Bill 926. We respectfully suggest your careful consideration of the potential unintended consequences brought about by an unregulated, quasi-insurance product offered direct to consumers through primary care providers.