

**Testimony of Jay Keese
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**SB 685 - Direct Primary Care Agreements
Maryland State Senate Finance Committee**

March 3, 2020

Chairwoman Kelley, Vice Chair Feldman, and Members of the Finance Committee, thank you for the opportunity to testify in support of Senator Lam's SB 685, which clarifies that direct primary care (DPC) agreements are medical services, not health insurance.

Over 1200 DPC Practices nationwide— a dozen in Maryland—now offer great primary care paid for directly with a monthly fee by an individual, employer, or even a health plan. No copays or deductibles that keep many from going to the doctor today.

Never has this been more important than now as Maryland and the world faces the greatest health crisis in a millennium—the COVID pandemic. A Milliman study published last year for the Society of Actuaries showed that in the two years prior to COVID, virtually all direct primary care doctors (99%) were doing virtual consults via text/phone as a part of a value based primary care membership fee. The study showed the average fee was less than \$74 per month (about the average price of a cell phone bill).

More and more, employers will pick up the cost for these plans because they improve care and reduce hospitalizations. Boeing offers DPC as does Johns Hopkins.

A Harvard study shows inpatient hospital admissions have been reduced by as much as 37%¹ in DPC arrangements.

¹ Harvard Business School - Iora Claims Database, <https://rctom.hbs.org/submission/iora-health-redefining-primary-care-medicine/>

Maxar, a Gaithersburg satellite company did a study that shows patients who choose a DPC option instead of the regular PPO, saved the company more than 20% off the total cost of a health benefit.

How? By treating or preventing conditions in a fixed-cost primary care setting, and virtually eliminating administrative expenses because there are never any claims filed for primary care.

Patients and doctors love it. Over 30 states have passed similar bills and regulations around the country, usually with bipartisan support and often unanimously.

Like many of these, SB 685 enacts no fewer than 10 important patient protections, not in law today:

- The bill requires any DPC agreement to conspicuously state that the agreement is not health insurance.

Patients still need insurance for medical issues outside primary care.

- The provider may not deny a patient because of any health condition.
- It requires the DPC agreement to spell out all the services covered and is signed by both patient and provider, regardless of who pays for the agreement (e.g., employer, union trust).
- It requires the provider to be licensed under the Health Occupations Act
- And it prohibits the practice from double dipping—billing a third-party fee-for-service for things already covered within the scope of the agreement.

- If a practice follows the conditions laid out in the bill, the DPC practice is not regulated as insurance. If not, they will still be subject to the regulatory discretion of the Maryland Insurance Administration.
- Under the bill, The *Health Education and Advocacy Unit* of the Consumer Protection Division can assist consumers if they have questions about what is or is not written in a direct primary care agreement.

The bill harmonizes state law with the Affordable Care Act Sec. 1301 (a) (3), which recognizes DPC as a good health reform outside of insurance—and a part of the essential health benefits.

The fundamental value equation for DPC is that the fee pays for a long-standing personal relationship with a doc of your choice instead of fees paid for a visit to address specific conditions piecemeal in fee for service.

The doctor is accountable to the patient, has time to treat in the primary care setting, and less incentive to refer to more complex specialty care—which is all most docs have time to do in the confines of a 5-7-minute visit.

Thank you for your time, we ask that you support SB 685 and pass it as soon as possible.