PENNSYLVANIA
SENATE BANKING AND INSURANCE COMMITTEE
PUBLIC HEARING
December 12, 2017

DIRECT PRIMAY CARE CONTRACTS
SENATE BILL 926

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Chairman White, Chairman Street and members of the Senate Banking and Insurance Committee, thank you for the opportunity to engage in the public policy discussions surrounding direct primary care arrangements, also referred to as concierge medicine, direct practice medicine, retainer-based medicine, boutique medicine. Highmark recognizes and supports the committee's efforts to continually explore ways to improve the health insurance market in Pennsylvania.

Highmark Inc. (Highmark) is the insurance arm of Highmark Health, an integrated delivery and financing system providing commercial health insurance products in Pennsylvania, West Virginia, and Delaware; delivering an array of other products through various diversified business entities, and providing direct health care services through the Allegheny Health Network. The comments and recommendations presented to the committee today represent the view of Highmark which provides health insurance coverage to over four million lives in Pennsylvania.

The specific focus of today's hearing is Senate Bill 926, which would prohibit the Commonwealth of Pennsylvania from regulating direct primary care arrangements (or medical service agreements as defined in the legislation) as insurance products. Highmark offers the following comments—general observations on direct primary care arrangements and specific reactions to Senate Bill 926—to help inform the committee's deliberations on the subject of direct primary care arrangements.

Direct primary care arrangements

Direct primary care arrangements generally involve a written agreement between a physician or physician practice group and an individual. The written agreement outlines the specific health care services that the physician agrees to provide in exchange for a fee paid by the individual. These types of arrangements, or contracts, currently exist. Throughout Pennsylvania, physicians and providers may already be engaging in these types of contractual arrangements providing a defined set of medical services in exchange for a fee. Below are several links to articles explaining and offering some level of analysis on direct primary care arrangements:

https://www.healthline.com/health-news/the-future-of-healthcare-could-be-in-concierge-medicine-063015#3

https://www.consumerreports.org/cro/health/concierge-medicine

https://amac.us/concierge-medicine-alternative-insurance/

http://www.thehealthjournals.com/concierge-medicine/

https://www.aap.org/en-us/professional-resources/practice-transformation/economics/Pages/Concierge-Medicine.aspx

https://www.usatoday.com/story/news/2016/01/23/kaiser-concierge-medicine-reaches-new-markets/78814342/

http://time.com/4649914/why-the-doctor-takes-only-cash/

Senate Bill 926

Senate Bill 926 would prohibit the Commonwealth from regulating direct primary care arrangements, which are contracts outlining a defined set of health care services that a provider agrees to deliver in exchange for an established rate, as an insurance product. This prohibition is not needed for physicians to offer these arrangements currently. In fact, such agreements likely exist throughout the Commonwealth in the absence of legislation such as Senate Bill 926. Given that these arrangements are an emerging trend and their impact to the health care system, particularly patients, has not fully developed, the committee should consider why it would abdicate authority to provide oversight and consumer protections.

Section four of the legislation does outline a very limited set of requirements for what should be included in a medical service agreement (i.e. direct primary care agreement). However, there are no enforcement provisions in the legislation or any authority for an entity to oversee the provisions of the legislation. If the committee believes there should be standards for these agreements, then the appropriate approach would be to provide regulatory authority to an agency—or, at a minimum, not relinquish regulatory authority by expressly prohibiting regulation.

If the legislature believes it appropriate to establish a governmental role in direct primary care contracts, Highmark offers the following for the committee's consideration:

1- Financial Considerations. The committee should consider providing assurances to individuals that the physician can meet the obligations for which financial compensation is being provided. Stated differently, the consumer should be assured that the physician is sufficiently financially solvent to provide the extent of health care services outlined in the contract.
2- Consumer Protections. The committee should consider protections for patients from debt collection and discrimination. For example, a physician should be prohibited from offering the contract to some patients but not others. Also, there should be some type of oversight that deters providers from cancelling patients due to higher utilization, higher costs, etc. Similarly, the committee should consider requiring that the patient fees not differ based on the patient's health condition or utilization of services. Another protection for consideration is a dispute resolution process available to patients when the provider and patient disagree with an interpretation of what is a covered service.
3- No double dipping. Providers who engage in these arrangements should be barred from billing the patient's insurance for services covered under the contract.

Thank you for the opportunity to provide comments on Senate Bill 926 and direct primary care agreements generally. Highmark recommends the committee carefully consider the consumer protection implications of these contractual relationships.