

Direct practices in Washington state

Annual report to the Legislature

Dec. 1, 2019

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Executive summary

In 2007, the Washington state Legislature enacted engrossed Second Substitute Senate Bill 5958, which is codified as RCW 48.150. This bill created a new primary health care delivery option called direct patient-provider primary care practices or “direct practices.”

The bill requires the Office of the Insurance Commissioner (OIC) to report annually to the Legislature on direct health care practices. Under RCW 48.150.100(3), this includes but is not limited to “participation trends, complaints received, voluntary data reported by the direct practices and any necessary modifications to this chapter.”

In a direct health care practice, a health care provider charges a patient a set monthly fee for all primary care services provided in the office, regardless of the number of primary care visits used or if the patient received no care during that period. No insurance plan is involved, although patients may have separate insurance coverage for more costly medical services. Direct practices are sometimes called “retainer” or “concierge” practices.

The 2019 annual report on direct patient-provider primary care practices analyzes two fiscal years of annual statements:

- **Fiscal year 2019:** July 1, 2018 through June 30, 2019.
- **Fiscal year 2018:** July 1, 2017 through June 30, 2018.

Participation trends in fiscal year 2019

- There were approximately 14,482 direct practice patients out of 7.5 million Washington state residents¹, 0.19 percent of the population.
- Patient participation decreased by 3,786 patients, or 20.72%, from the 18,268 patients in 2018.
- The number of practices registered with the OIC decreased to 34 from 41 in 2018.
- Fees changed in the following ways:
 - Eight direct practices did not change their fees.
 - Four direct practices decreased fees.

¹ As reported by the U.S. Census Bureau
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- Nineteen direct practices increased fees.
- Three direct practices did not respond in 2018.

Complaints received

The OIC's consumer advocacy group received two complaints regarding direct patient practices.

Voluntary data reported by direct practices

While all of the registered practices responded to the mandatory questions, not all of the direct practices chose to report voluntary information. Some said they do not collect this information, and others simply did not respond to the voluntary questions.

Necessary modification to chapter

The annual statement contains questions that direct practices are required to answer and questions they are not required to answer. Historically, direct practices do not answer the voluntary questions. As a result, it is difficult for the OIC to monitor for compliance with Chapter 48.150 RCW without the relevant information concerning the practices. For example:

- RCW 48.150.020 prohibits discrimination by direct providers. However, the questions that seek information about the possibility of discrimination in practices are voluntary and are most often left blank.
- Additionally, RCW 48.150.050 prohibits direct practices from establishing a direct practice agreement with employers, but the questions directed at ascertaining compliance with this provision are voluntary.

There is no practical means for the OIC to monitor direct practices for compliance with Chapter 48.150 RCW. Therefore, the OIC recommends removing the term "voluntary data" from the statute for clarity and requiring direct practices to answer all of the questions on the annual statement.

The OIC also recommends the Legislature further clarify that employer offerings are unlawful due to the increase in direct practices offering employer plans and marketing to employers. It is likely that the language in RCW 48.150.050 that permits employers to pay direct practice fees on behalf of their employees has been misconstrued by direct practices to provide permission to create employer plans. Consumers and employers would be best protected by either removing employer payments or adding further clarification.

Background

In 2007, the Washington Legislature enacted a law to encourage innovative arrangements between patients and providers and to promote access to medical care for all citizens.

Engrossed Substitute Senate Bill 5958, known as the direct patient-provider primary health care bill and codified as Chapter 48.150 RCW, identified direct practices as “a means of encouraging innovative arrangements between patients and providers and to help provide all citizens with a medical home.”

Prior to the passage of this law, health care providers engaged in direct patient practices were subject to current state law governing health care service contractors. However, due to the limited nature of the business model, the agency recognized that imposing the full scope of regulation under this law was not practical for a limited number of providers that wished to offer this model to their patients.

The 2007 law provides that registered direct practices operate under the safe harbor created by RCW 48.150 and are not insurers, health carriers, health care service contractors or health maintenance organizations as defined in RCW Title 48. As such, they operate without having to meet certain responsibilities that are required for insurers, including but not limited to financial solvency, capital maintenance, market conduct, and reserve and filing requirements. As a result, the OIC’s regulatory authority over registered direct practices is extremely limited.

During the 2014 legislative session, the Legislature passed ESSB 1480. This bill amends RCW 48.150.040 to allow direct practices to dispense an initial supply of generic prescription drugs if the supply does not exceed 30 days and does not involve an additional cost to the patient.

In regard to direct practices, the OIC’s regulatory role is registering direct practices and reviewing the annual statements from direct practices, which the OIC then reports to the Legislature on Dec. 1 each year.

Annual reports

State law requires direct practices to submit annual statements to the OIC that include:

- The number of providers in each practice.
- The total number of patients.

- The average direct practice fee.
- Names of direct practice providers.
- Business addresses.

The Legislature did not give the OIC specific rulemaking authority over direct practices. However, the OIC has the authority to tell direct practice clinics how to submit the statements, what format to follow in submitting statements, and what data to include.

The information in the annual report that the OIC submits to the Legislature must include:

- Participation trends.
- Complaints the OIC has received.
- Voluntary data that direct practices have reported.
- Any modifications to the chapter that the OIC recommends are necessary.

Definition of direct practices in Washington

Direct patient-provider primary care practices (direct practices) also are sometimes called retainer medicine or concierge medicine. Washington's defines direct practices in RCW 48.150.010 as a provider that:

- Charges a monthly fee for providing primary care services.
- Offers only primary care services.
- Enters into a written agreement with patients describing the services and fees.
- Does not bill insurance to pay for any of the patient's primary care services.

A direct practice is a model of care in which physicians charge a predetermined, fixed monthly fee to patients for all primary care services provided in their offices, regardless of the number of visits, even if no health care services are obtained. RCW 48.150.010(8) defines "primary care services" as routine health care services, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury.

Direct practices cannot market or sell to employer groups.

In 2009, the Legislature made minor modifications to the original legislation. The modifications allow direct practices to accept a direct fee paid by an employer on behalf of an employee who is a patient. However, the law still prohibits employers from entering into coverage agreements with direct practices.

Physicians who provide direct care say their practices serve fewer patients than conventional practices, but give patients more time during office visits to ask questions and receive explanations regarding medical care. Some direct practices offer additional services, such as same-day appointments, extended business hours, home visits and 24-hour emergency physician availability.

Direct practices do not provide comprehensive coverage. Under RCW 48.150.010(4)(d), direct practice services must not include more than an initial 30-day supply of prescription drugs, hospitalization, major surgery, dialysis, high-level radiology, rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services or supplies. In fact, RCW 48.150.110(1) requires direct practice agreements to contain this disclaimer: "This agreement does not provide comprehensive health insurance coverage. It provides only the health care services specifically described."

2019 direct practice information

Direct practices originally began filing annual statements with the OIC in October 2007. For the 2019 report, the OIC sent the annual statement to the direct practices in September 2019. The statement collects the mandatory information that state law requires and asks several voluntary questions.

Direct practices file a statement with the OIC to register and then annually submit a statement to continue to offer direct practice services. Over the past year, the OIC has seen an increase in the need to protect consumers from unlawful direct practice agreements. When a direct practice submits a statement, the OIC reviews direct practice agreements from compliance with Chapter 48.150 RCW, the laws governing direct practices. There has been an increase in improper fees detailed in contracts, such as fees that discriminate against consumers for health status by charging more for a patient's health status, not proving for refunds for consumers who have paid in advance but would like to terminate their direct-practice agreement, and charging cancellation fees.

More frequently, direct practice agreements are failing to include the information required by law so that patients are fully informed. For example, agreements are failing to inform consumer of costs for services not covered by the agreement, but simply state that some services may involve additional costs. Agreements are frequently failing to include a disclaimer statement to inform consumer that a direct practice agreement is not comprehensive coverage, so that the consumer understands that emergency and specialty care must be paid out of pocket or that consumers should purchase a supplemental health plan. Rarely, do direct practice agreements contain the contact information for the OIC as required by RCW 48.150.100 to inform of consumer of their ability to call us if they have any concerns or questions. Ensuring Washington consumers are protected from unlawful practices has involved an increasing amount of time for the OIC to conduct these reviews.

Of greater concern is the number of statements the OIC has received that indicate that the practice has been operating for some or a significant amount of time without ever submitting a statement to the OIC. This practice exposes consumers to potential harm from unlawful agreements and business practices that may not comply with Chapter 48.150 RCW, such as the large number of agreements that we have seen recently.

Additionally, the OIC has noticed an increase in direct practices marketing to employers and offering what appear to be employer plans. The OIC is in the process of investigating these practices to determine if they are in compliance with Chapter 48.150, but there are strong indications that raise significant concerns that direct practices are moving beyond direct-patient primary care to employer-based offerings.

Data from the annual statements

This report compares data from two fiscal years of annual statements:

- **Fiscal year 2019:** July 1, 2018 – June 30, 2019
- **Fiscal year 2018:** July 1, 2017 – June 30, 2018

The following chart summarizes data that the OIC collected in fiscal year 2019.

Information for prior years is available in past reports² on the [OIC's website](#).

Table 1. Data Summary

Practice Name and Location	# of patients FY 2018	# of patients FY 2019	Monthly fee FY 2018	Monthly fee FY 2019
Affordable Access/ Part of Snoqualmie Hospital	117	133	\$40	\$40
Snoqualmie				
Anchor Medical Clinic	150	50	\$100	\$200
Freeland				
Assurance Healthcare & Counseling Center	863	1507	\$75	\$95
Yakima				
Bellevue Medical Partners	560	Did not respond in 2019	\$185	Did not respond in 2019
Bellevue				
BlissMD	369	350	\$174.30	\$178.00
Seattle				

² Link to past reports: <https://www.insurance.wa.gov/about-oic/reports/commissioner-reports/>
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CARE Medical Associates				
Bellevue	288	297	\$123.36	\$150
The Charis Clinic				
Edmonds	3	Did not respond in 2019	\$69	Did not respond in 2019
Coho Medical Group				
Bellevue	105	123	\$69	\$79
Cosmas Primary Care, P.S.				
Tacoma	68	67	\$83	\$78
Edmonds Health Clinic				
Edmonds	27	39	\$95	\$95
Family and Wellness Medicine				
Federal Way	New report in 2019	6	New report in 2019	\$75
Family Care of Kent				
Kent	1500	Did not respond in 2019	\$60	Did not respond in 2019
Family Care of Spokane				
Spokane	165	153	\$69	\$140
GoodMed Direct Primary Care				
Seattle	305	327	\$50	60
Guardian Family Care				
Mill Creek	255	189	\$107.50	\$145
Heritage Family Medicine				
Olympia	Did not respond in 2018	24	Did not respond in 2018	\$55
Hudson's Bay Medical Group				
Vancouver	11	Did not respond in 2019	\$60	Did not respond in 2019

Jared Hendler, M.D.				
Bainbridge Island	89	89	\$247	\$234
Lacamas Medical Group				
Camas	145	117	\$60	\$60
Lissa Lubinski MD				
Port Angeles	124	Did not respond in 2019	\$42	Did not respond in 2019
The Manette Clinic				
Bremerton	587	790	\$67	\$77
MD² Bellevue				
Bellevue	199	202	\$1,082	\$118
MD² Seattle				
Seattle	230	232	\$956	\$128
Office of Michael Jackson				
University Place	1	Did not respond in 2019	\$60	Did not respond in 2019
Oodle Family Medicine				
Renton	61	100	\$45	\$45
Paladina Health				
Federal Way, Puyallup, Tacoma, Vancouver	2209	Did not respond in 2019	\$69	Did not respond in 2019
Patient Direct Care				
Battle Ground	2300	1672	\$42	\$32
PeaceHealth Medical Group Vancouver				
	27	29	\$85	\$100
Pier View Chiropractic				
Normandy Park	145	Did not respond in 2019	\$96	Did not respond in 2019
RediMedi Clinic				
Wenatchee	635	712	\$50	\$55
Ridgefield Family Medicine				
	53	Did not respond in 2019	\$60	Did not respond in 2019

Ridgefield				
Seattle Medical Associates	3113	3093	\$137	\$160
Seattle				
Seattle Premier Health	526	562	\$208	\$235
Seattle				
Sound Clinical Medicine	8	9	\$60	\$125
Gig Harbor				
Sound Medicine and Wellness	50	75	\$200	\$208
Seattle				
Swedish Ballard Family Medicine Clinic	36	50	\$55	\$55
Seattle				
Total Care Clinics	59	46	\$60	\$60.00
Kennewick				
TransforMD Primary Care	New report in 2019	18	New report in 2019	\$70
Bothell				
True North Health Services	6	CLOSED per website	\$65	CLOSED per website
Spokane				
Urgent Medical Center	10	10	\$60	\$60
Vancouver				
Vantage Physicians	792	828	\$93	\$128
Olympia				
Vintage Direct Primary Care	907	1032	\$63	\$43
Poulsbo				

Washington Park Direct Care	1032	1290	\$49	\$60
Centralia				
Wise Patient Internal Medicine	138	261	\$100	\$100
Seattle				
Total number of patients in all direct practices	18,268	14,482		

Locations

In 2019, 34 direct practices submitted an annual statement.

- 3 direct practices opened and/or began reporting to the OIC:
 - Family and Wellness Medicine
 - TransforMD Primary Care
 - Heritage Family Medicine Olympia
- 10 clinics reported they no longer provide direct practice services/or did not submit their annual statement to renew their registration with the OIC:
 - Bellevue Medical Partners Bellevue
 - The Charis Clinic Edmonds
 - Family Care of Kent
 - Hudson's Bay Medical Group
 - Lissa Lubinski, M.D. Port Angeles
 - Office of Michael Jackson University Place
 - Paladina Health Federal Way, Puyallup, Tacoma, Vancouver
 - Pier View Chiropractic Normancy Park

- Ridgefield Family Medicine Ridgefield
- True North Health Services Spokane

Direct practices operate in 12 Washington counties:

Benton:

- Total Care Clinics

Clark:

- Direct Care Clinics
- Lacamas Medical Group
- PeaceHealth Medical Group Family Practice
- Urgent Medical Center

Douglas:

- RediMedi Clinic

Island County:

- Anchor Medical Clinic

King:

- BlissMD
- Care Medical Associates
- Coho Medical Group
- Family and Wellness Medicine
- GoodMed Direct Primary Care
- MD2 – Bellevue

- MD2 – Seattle
- Oodle Family Medicine
- Seattle Medical Associates
- Seattle Premier Health
- Snoqualmie Valley Hospital
- Sound Medicine and Wellness
- Swedish Ballard Family Medicine Clinic
- Wise Patient Internal Medicine

Kitsap:

- Jared Hendler, MD
- The Manette Clinic
- Vintage Direct Primary Care

Lewis:

- Washington Park Direct Care

Pierce:

- Cosmas Primary Care, P.S.
- North End Tacoma Health, P.L.L.C.
- Sound Clinical Medicine, P.S.

Snohomish:

- Edmonds Health Clinic
- Guardian Family Care
- TransforMD Primary Care

Spokane:

- Family Care of Spokane
- DGB, P.L.L.C.

Thurston:

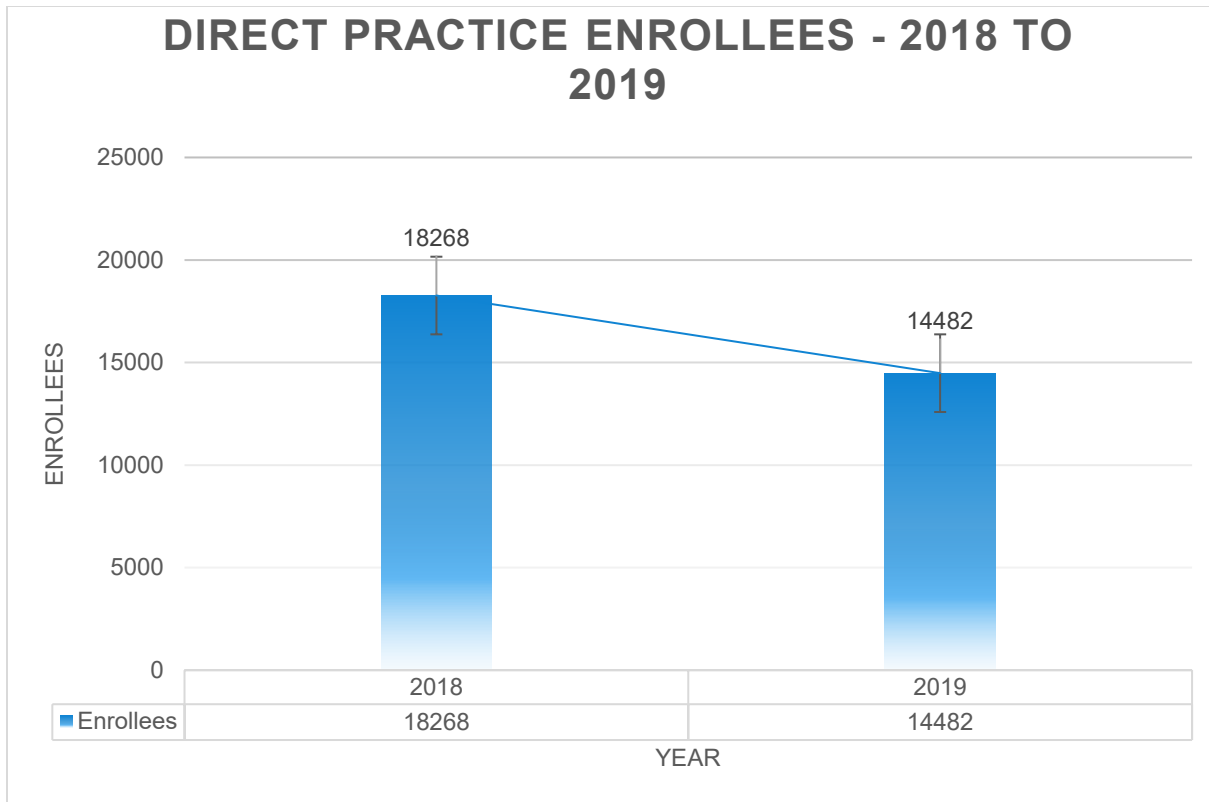
- Heritage Family Medicine
- Vantage Physicians

Yakima:

- Assurance Healthcare & Counseling Center

Participation in fiscal year 2019

- Enrollment increased at 19 direct practice clinics.
 - There were 18,268 enrollees in fiscal year 2018 and 14,482 enrollees in 2019, a decrease of 20.72%.
 - One clinic experienced an enrollment increase of 644 clients: Assurance Healthcare & Counseling Center in Yakima grew from 863 patients in 2018 to 1,507 patients in 2019, a 74% increase.
 - 20 clinics reported a total of 1,665 new patients, gaining as few as one patient (Sound Clinical Medicine) to as many as 644 patients (Assurance Healthcare & Counseling Center).
- Nine clinics reported a total decrease of 887 direct practice patients.
- 16 direct practices voluntarily reported that they participate as in-network providers in a health carriers' networks. This is a significant change since 2007, when all direct practices reported that they performed direct-patient provider primary care practices exclusively.



- 33 practices voluntarily reported the percentage of their business that is direct practice.
 - Eight practices reported that less than 5% of their business is direct practice.
 - One practice reported that between 15% - 20% of its business is direct practice.

Fees in fiscal year 2019

- Fees at eight of the direct practices remained the same as last year.
- 19 direct practices increased their monthly fees.
 - 17 practices increased their fees by \$5 per month or more.
 - The highest increase was MD² Seattle, which raised its fees by \$585.84 per month.

- Four direct practices decreased their fees \$1 - \$20 per month.
- The average monthly fee increased from \$133.43 in fiscal year 2018 to \$183.97, mostly because the new direct practices have a monthly fee of \$66.60 and a number of clinics increased their fees.
 - The highest monthly fee is \$1,541.67 per month at MD² Seattle.
 - The lowest monthly fee is \$32 per month at Patient Direct Care in Battle Ground.
- New direct practices' monthly fees range from \$55 (Heritage Family Medicine in Olympia) to \$75 (Family and Wellness Medicine in Federal Way) per month.

Affordability of direct practices

A key assumption underlying the legislation was that direct practices could provide affordable access to primary services. In theory, this would reduce pressure on the health care safety net or relieve problems caused by a shortage of primary care physicians, and possibly reduce emergency room use.

Monthly fees at direct practices vary from \$32 to over \$1,541. Enrollees at eight practices pay between \$100 and \$200 per month. In contrast, enrollees at 21 direct practices pay \$100 or less, and enrollees at five direct practices pay more than \$200 per month. The OIC does not collect data regarding the affordability of the fees for direct practice patients.

Table 2. Changes in practice census over time, based on monthly fees

2019 changes in practice census					
Monthly fee	\$ 50 or less	\$51 \$75	\$76 \$100	\$101 \$200	\$201 +
FY 2019 Enrollees	2,917	2,600	2,816	4,969	1160
FY 2019 Practices	4	10	7	8	5
FY 2018 Enrollees	4,574	6,668	1347	4,585	532
FY 2018 Practices	4	17	7	5	3
FY 2017 Enrollees	2,556	5,336	1,348	4,554	996

FY 2017 Practices	6	18	7	5	3
FY 2016 Enrollees	1511	2581	2167	4151	862
FY 2016 Practices	8	8	6	6	2
FY 2015 Enrollees	1519	2651	2737	3757	840
FY 2015 Practices	10	10	6	6	3

Direct practices and the insurance market

The OIC annual re-registration statement asks direct practice clinics if they collect information about patients' other health plans when they enroll. For 2019, 22 of the 34 direct practices that responded to the OIC statement said they collect this information.

According to the clinics that reported this voluntary information, the number of direct practice clients who are uninsured are:

- **Fiscal year 2019:** 599 enrollees, or 4.1 percent.
- **Fiscal year 2018:** 317 enrollees, or 1.7 percent.

Under state law, direct practices cannot bill insurers for primary care services provided under the direct practice agreement because this would result in collecting twice for services provided. Patient are advised to obtain other insurance such as a high-deductible health plan, also called a catastrophic plan, to ensure that emergency or other services can be covered.

The number of direct practice clients who have private insurance (non-Medicare, non-Medicaid) are:

- **Fiscal year 2019:** 17 direct practices reported 3,626 enrollees who had private insurance, or 25 percent of all enrollees.
- **Fiscal year 2018:** 13 direct practices reported 4,375 enrollees who had private insurance, or 23 percent of all enrollees.

Nineteen direct practices reported the following Medicare enrollment:

- **Fiscal year 2019:** 2,578 enrollees or 17.8 percent.
- **Fiscal year 2018:** 1,514 enrollees or 8 percent.

Nineteen direct practices reported the following Medicaid enrollment:

- **Fiscal year 2019:** 234 enrollees or 1.6 percent.
- **Fiscal year 2018:** 214 enrollees or 1 percent

How direct practices evolved

Washington state is the birthplace of direct practices. The origins of this approach are often traced to a practice called MD² that began in 1996.

Since then:

- The American Medical Association and the American Academy of Family Physicians have established ethical and practice guidelines for direct practices.
- In 2003, the federal establishment of Health Savings Accounts (HSA) promoted consumer-directed medicine, which includes direct practices.
- In 2003, the Society for Innovative Medical Practice Design formed, representing direct practice physicians (its initial name was the American Society of Concierge Physicians).
- In 2004, the federal Office of the Inspector General for the Department of Health and Human Services warned practices about “double dipping,” and began taking enforcement steps against physicians who charged Medicare beneficiaries extra fees for already covered services, such as coordination of care with other health care providers, preventative services and annual screening tests. The practices were referred to under various names: concierge, retainer, or platinum practices.
- In 2005, the U.S. Government Accountability Office issued [GAO Report 05-929](#)³, called “Physician Services: Concierge Care Characteristics and Considerations for Medicare.” At the time, there were 112 “concierge physicians” nationwide who charged annual fees ranging from \$60 to \$15,000.
- In 2006, the OIG determined that retainer practices are insurance. West Virginia’s insurance commissioner made the same ruling in 2006.
- In 2007, Washington became the first state to define and regulate direct patient primary care practices and to prohibit direct practice providers from billing insurance companies for services provided to patients under direct practice agreements.

³ Link to GAO report: <http://www.gao.gov/assets/250/247393.pdf>

Federal health care reform

On March 23, 2010, President Obama signed The Patient Protection and Affordable Care Act (PPACA), commonly referred to as the Affordable Care Act (ACA). It required the development of health benefit exchanges, beginning in 2015, to help individuals and small businesses purchase health insurance and qualify for subsidies that are available only for plans that are sold through an exchange.

Under the ACA, an exchange cannot offer any health plan that is not a qualified health plan, and each qualified health plan must meet requirement standards and provide an essential benefit package. Essential health benefits include:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including dental and vision care

Since September 23, 2010, the federal Affordable Care Act (ACA) has required new health plans to eliminate cost-sharing requirements for evidence-based items or services that have an A or B rating from the United States Preventive Services Task Force.

Washington state's exchange legislation

In 2013, the Washington Legislature passed E2SHB 2319, "An act relating to furthering state implementation of the health benefit exchange and related provisions of the affordable care act." This is called "The Exchange Bill."

Section 8(3) of the bill, now codified as RCW 43.71.065(3), allows the Exchange Board to permit direct primary care medical home plans, consistent with section 1301 of the ACA, to be offered in the Exchange beginning on January 1, 2015.

Section 1301(a)(3) TREATMENT OF QUALIFIED DIRECT PRIMARY CARE MEDICAL HOME PLANS.

The Secretary of Health and Human Services shall permit a qualified health plan to provide coverage through a qualified direct primary care medical home plan that meets the criteria established by the Secretary, so long as the qualified health plan meets all requirements that are otherwise applicable and the services covered by the medical home plan are coordinated with the entity offering the qualified health plan.

The future of direct practices

These provisions raise questions about the direct practice model of care in the following areas:

How do direct practices operate under the ACA?

Direct practices are not insurers and are only authorized to offer primary care services to their direct practice patients. Direct practices are not able to provide comprehensive health care. Therefore, under the ACA, they are not qualified health plans eligible for sale through the Exchange.

The ACA does specify that a “qualified health plan” may provide coverage “through a qualified direct primary care medical home plan.” As a result, a direct practice may contract with a carrier to provide primary care services in a carrier’s qualified health plans in addition to offering direct practice services to patients, but cannot bill an insurance carrier for services rendered under a direct practice agreement.

How does the ACA affect consumers who have existing direct practice agreements?

The individual mandate responsibility provision of the ACA requires consumers to purchase health insurance that provides for the essential health benefits and will cover emergency services. Direct practice agreements only provide primary care services and do not cover emergency services. As such, they do not qualify as health insurance, so they do not meet the individual mandate requirement, although this mandate is not enforced by the current administration.

The Washington Health Benefit Exchange (Exchange) opened in late 2014 and began selling policies that were effective starting January 1, 2015. Enrollment both inside and outside of the Exchange for the individual market showed a dramatic increase, with approximately 51,000 more health insurance enrollees in 2016 than in 2014.

Consumers who purchase health plans through the Exchange receive numerous benefits:

- If they meet income requirements, they’re eligible for subsidies or premium tax credits, which are not available outside of the Exchange. It’s possible that consumers who receive these financial incentives might cancel their direct practice agreements.
- Exchange health plans cover essential health benefits (EHBs), including but not limited to preventive services and chronic disease management. If a consumer pays a direct practice instead of obtaining a health plan that covers EHBs, the consumer would only receive primary care, preventive services and chronic disease management services. Direct practices do not provide access to

specialists or emergency care and the consumer have to pay out-of-pocket for other medical services, including emergency or specialist services, unless they also obtain health insurance.

- If a consumer has health insurance, there are limitations on the maximum out-of-pocket expenses. A maximum out-of-pocket expense is the total amount of the plan's annual deductible and other annual out-of-pocket expenses other than premiums that the insured is required to pay, such as copayments and coinsurance. Once that limit is reached, a consumer does not pay for co-insurance expenses, such as co-payments. However, consumers' costs associated with a direct practice will not count as cost-sharing expenses under most health plans and will not be applied to reduce the maximum out of pocket limitation because those services are not received as a part of a health plan benefit. For example, a direct practice provider is not a network provider and cannot bill health carriers regulated under chapter 48 RCW for health care services because those services are being paid by the consumer through the direct practice agreement and would result in double payment. Therefore, the consumer does not benefit from direct practice monthly fees counting toward annual maximum out-of-pocket expense limits.

Operating outside the Washington State Health Benefit Exchange

Nothing in federal health care reform bars direct practice arrangements from operating outside the Exchange.

There appears to still be a market for exclusive direct practices that cater to wealthier consumers and offer more of a concierge model, as well as for consumers who can't buy health care coverage on the Exchange, such as undocumented immigrants. In addition, some consumers simply join direct practices because they like the personal service, so these consumers may still continue to use direct practices.

Recommendations for legislative modifications

Washington is at the forefront of national regulation of direct primary care practices. Although direct primary care practices have not gained significant market share, they are present in 12 counties in Washington.

The annual statement contains questions that direct practices are required to answer and questions they are not required to answer. Historically, direct practices do not answer the voluntary questions. As a result, it is difficult for the OIC to monitor for compliance with Chapter 48.150 RCW without the relevant information concerning the practices. For example:

- RCW 48.150.020 prohibits discrimination by direct providers. However, the questions that seek information about the possibility of discrimination in practices are voluntary and are most often left blank.
- Additionally, RCW 48.150.050 prohibits direct practices from establishing a direct practice agreement with employers, but the questions directed at ascertaining compliance with this provision are voluntary.

There is no practical means for the OIC to monitor direct practices for compliance with Chapter 48.150 RCW. Therefore, the OIC recommends removing the term “voluntary data” from the statute for clarity and requiring direct practices to answer all of the questions on the annual statement.

The OIC also recommends the Legislature further clarify that employer offerings are unlawful due to the increase in direct practices offering employer plans and marketing to employers. It is likely that the language in RCW 48.150.050 that permits employers to pay direct practice fees on behalf of their employees has been misconstrued by direct practices to provide permission to create employer plans. Consumers and employers would be best protected by either removing employer payments or adding further clarification.

Appendix A: Annual statement form

The OIC collects annual statement information in an online form. A summary of the questions are provided below.

1. Practice name (Include all names utilized, such as a DBA name, so that all names can be listed as registered).

Practice Name

DBA Name

2. If the practice utilizes more than one name, please identify which name should be the primary name that the practice will be listed under:

Primary Name

3. Contact person for this statement:

Name

Title

Email Address

Phone Number

4. Will this contact person also be the person to contact when it is time to renew the registration? If not, please identify that person.

Name

Title

Email Address

Phone Number

5. What is the practice's address?

Name	<input type="text"/>
Company	<input type="text"/>
Address	<input type="text"/>
City/Town	<input type="text"/>
State/Province	<input type="text" value="- select state"/>
ZIP/Postal Code	<input type="text"/>
Country	<input type="text"/>
Email Address	<input type="text"/>
Phone Number	<input type="text"/>

6. Please answer, If there is another practice location other than the primary location, please identify the practice location if the practices are not registered separately.

Name	<input type="text"/>
Company	<input type="text"/>
Address	<input type="text"/>
City/Town	<input type="text"/>
State/Province	<input type="text" value="- select state"/>
ZIP/Postal Code	<input type="text"/>
Country	<input type="text"/>
Email Address	<input type="text"/>
Phone Number	<input type="text"/>

7. Identify all of the providers in your practice who provide direct practice care:

Provider 1:

Provider 2:

Provider 3:

Provider 4:

8. Identify all affiliated or partner direct care providers if you are part of a group of direct care providers:

1:

2:

3:

4:

9. What is the total number of patients currently enrolled in your direct practice?

10. What is the monthly membership fee?

11. If the practice will have more than one monthly membership rate, please describe the different membership fee levels.

12. Does the practice offer an annual membership?

Yes

No

If there is more than one type annual membership fee rate, please describe the different fee levels and how those funds are collected.

13. What is the annual membership fee?

14. If the annual membership funds are collected in advance for the year, has the practice established set up a trust account?

Yes

No

15. List all services provided as a part of your direct care agreement:

16. List all services offered for an additional cost (if any):

17. What is the name and contact information of the person designated to receive and address any patient complaints?

Name

Company

Email Address

Phone Number

18. Is the practice providing any care to groups of people, such as employer groups as a part of the direct practice?

- Yes
- No

If Yes, Please describe:

19. Has the practice discontinued any patients?

YES / NO

A. If YES, how many patients has the direct practice discontinued?

B. If YES, what was/were the reasons for the discontinuation(s)?

20. Has the practice declined to accept any patients?

YES / NO

If Yes, how many patients did the practice decline to accept?

If Yes, please specify the reason for declining to accept that patients:

21. Do any of your clinic's direct practice providers participate as an in-network provider in a health carrier's network?

Yes

No

22. What percentage of the practice's business is direct practice?

23. What is the direct practice's website address:

24. When a new patient signs a direct practice agreement, does your clinic collect information about other health coverage the patient may have?

Yes No

25. If you answered yes to question above, how many of your direct practice patients:

Have Medicaid	<input type="text"/>
Have Medicare	<input type="text"/>
Have private health Insurance	<input type="text"/>
Are uninsured	<input type="text"/>
Another form of health Care coverage	<input type="text"/>

26. Please upload the latest copy of your direct practice agreement, including fee structure, disclosure statement and all marketing materials to the correctly corresponding upload link.

Appendix B: Websites and addresses for direct practices

Direct Practice	Address	Website
Affordable Access	35020 SE Kinsey Street	http://www.snoqualmiehospital.org/
	Snoqualmie, WA 98065	
Anchor Medical Clinic	1412 Castlewood Court	http://www.anchormedicalclinic.com/
	Freeland, WA 98249	
Assurance Healthcare & Counseling Center	1020 South 40 th Avenue, Suite A	http://assurancehealth.org/
	Yakima, WA 98908	
Bellevue Medical Partners	11711 NE 12th Street, Suite 2-B	http://www.bellevuemedicalpartners.com/
	Bellevue, WA 98005	
BlissMD	2914 East Madison, Suite 109	http://www.blissmd.com/
	Seattle, WA 98112	
CARE Medical Associates	1407 116th Avenue NE, Suite 102	http://www.cmadoc.com/
	Bellevue, WA 98004	
The Charis Clinic	23601 Highway 99, Suite A	http://charisclinic.com/

	Edmonds, WA 98026	
Coho Medical Group	1515 116th Avenue NE, Suite 201	http://www.cohomedical.com/
	Bellevue, WA 98004	
Cosmas Primary Care, P.S.	2115 S. 56th St., Ste. 103	http://cosmasprimarycare.com
	Tacoma, WA 98409	
Edmonds Health Clinic	221 4th Avenue North	http://edmondshealthclinic.com/
	Edmonds WA 98020	
Family and Wellness Medicine	34004 16th Ave S. Ste. 100	www.fwmwa.com
	Federal Way, WA 98003	
Family Care of Kent	10024 SE 240 th Street	http://familycareofkent.com/
	Kent, WA 98031	
Family Care of Spokane	9631 N Nevada St, Suite 202	http://www.doctorcondon.com/
	Spokane, WA 99218	
GoodMed Direct Primary Care	6553 California Avenue SW, Suite A	http://goodmedclinic.com/
	Seattle WA 98146	

Guardian Family Care, PLLC	805 164th Street SE, Suite 100	http://www.guardianfamilycare.net/
	Mill Creek, WA 98102	
Jared Hendler, M.D.	231 Madison Avenue South	http://www.hendlermd.com/
	Bainbridge Island, WA 98110	
Heritage Family Medicine	4001 Harrison Avenue N.W., Suite 101	http://www.heritagefamilymedicine.com/
	Olympia, WA 98502	
Hudson's Bay Medical Group	100 East 33rd Street	http://hudsonsbaymed.com/
	Vancouver, WA 98663	
Lacamas Medical Group	3240 NE 3rd Avenue	http://www.lacamasmedicalgroup.com/
	Camas, WA 98607	
Lissa Lubinski MD	816 East 8 th Street	http://www.lissalubinskimd.com/
	Port Angeles, WA 98326	
The Manette Clinic	1100 Wheaton Way Suite F and G	http://themanetteclinic.com/
	Bremerton WA 98310	

MD² Bellevue	1135 116th Avenue NE., Suite 610	http://www.md2.com/
	Bellevue, WA 98004	
MD² Seattle	1101 Madison Street, Suite 1501	http://www.md2.com/
	Seattle, WA 98104	
Office of Michael Jackson	5350 Orchard Street West, Suite 202	No website
	University Place, WA 98467	
Oodle Familt Medicine	401 Olympia Ave. NE, #305, Box #48	http://oodlemd.com
	Renton, WA 98056	
Paladina Health	1250 Pacific Avenue, Suite 110	http://www.paladinahealth.com/individuals/
	Tacoma, WA 98402	
Patient Direct Care	209 East Main Street, Suite 121	http://www.ptdirectcare.com/
	Battle Ground, WA 98604	
PeaceHealth Medical Group	16811 SE McGillivray Boulevard	https://www.peacehealth.org/
	Vancouver, WA 98638	
Pier View Chiropractic	19987 1 st Avenue South, Suite 102	https://www.pierviewchiropractic.com/

	Normandy Park, WA 98148	
RediMedi Clinic	230 Grant Road, Suite B-2	http://www.theredimedclinic.com/
	East Wenatchee, WA 98802	
Ridgefield Family Medicine	8507 South 5 th Street	http://ridgefieldfamilymedicine.com/
	Ridgefield, WA 98642	
Seattle Medical Associates	1124 Columbia Street, Suite 620	http://www.seamedassoc.com/
	Seattle, WA 98104	
Seattle Premier Health	1600 East Jefferson Street, Suite 115	http://www.seattlepremierhealth.com/
	Seattle, WA 98122	
Sound Clinical Medicine	6718 144 th Street NW	https://www.soundclinicalmedicine.com/
	Gig Harbor, WA 98332	
Sound Medicine and Wellness	3216 NE 45th Place	http://soundmedicineandwellness.com
	Seattle, WA 98105	
Swedish Ballard Family Medicine Clinic	1801 NW Market Street, Suite 403	http://www.swedish.org
	Seattle, WA 98107	
Total Care Clinics	1029 North Kellogg Street	https://www.totalcaretricity.com/

	Kennewick, WA 99336	
TransformMD Primary Care	17901 Bothell- Everett Highway Ste. F-105	www.transformdpc.com
	Bothell, WA 98012	
True North Health Services	5901 North Lidgerwood Street, Suite 21B	http://tnhs1.com
	Spokane, WA 99208	
Urgent Medical Center	9430 NE Vancouver Mall Drive	No website
	Vancouver, WA 98662	
Vantage Physicians	3703 Ensign Road NE, Suite 10A	http://vantagephysicians.net/
	Olympia, WA 98506	
Vintage Direct Primary Care	19319 7 th Avenue NE, Suite 114	http://vintagedpc.com/
	Poulsbo, WA 98370	
Washington Park Direct Care	208 Centralia College Boulevard	http://washingtonpark.md/
	Centralia, WA 98531	
Wise Patient Internal Medicine	613 19th Avenue East, Suite 201	http://imwisepatient.com/
	Seattle, WA 98112	

Appendix C: Voluntary information statistics

Entity	Do any providers in your practice participate as a network provider in a health carrier's network?	What percentage of your business is direct practice?	Has the Practice discontinued any patients?	Has the practice declined to accept any patients?	When patients sign the direct practice agreement, do you collect information about their other health coverage?	Number of patients who have Medicaid	Number of Patients who have Medicare	Number of patients who have private health insurance	Number of patients who are uninsured/no coverage
Affordable Access	No response								
Anchor Medical Clinic	No	100%	Yes	Yes	Yes	2	47	1	0
Assurance Counseling and Healthcare LLC	No	100%	Yes	No	No	No Further Response			
Bellevue Medical Partners	No response								
BlissMD	No	100%	Yes	Yes	Yes	1	202	147	0
CARE Medical Associates	No	80%	Yes	No	Yes	<1%	25%	69%	5%

The Charis Clinic	No response								
Coho Medical	Yes	25%	Yes	No	Yes	8	4	88	15
Cosmas Primary Care	Yes	70%	Yes	No	Yes	38	27	3	0
DGB, PLLC	No	100%	No	Yes	Yes	1	0	50%	40%
Edmonds Health Clinic	Yes	4.3%	No	No	No Response	N/A	N/A	9	30
Family and Wellness Medicine	Yes	16%	No	No	No	No Further Response			
Family Care of Kent	No response								
Family Care Spokane	Yes	2.50%	Yes	No	No	No Further Response			
GoodMed Direct Primary Care	No	100%	No	No	No	0	0	0	0
Guardian Family Care	No	100%	Yes	Yes	Yes	25%	25%	50%	Approximately 25
Heritage Family Medicine	Yes	<1%	No	No	No	No Further Response			
Hudsons Bay Medical Group	No Response								
Jared Hendler, M.D.	No	100%	No	No	Yes	0	35	45	9

Lacamas Medical	Yes	<5%	No	No	Yes	0	0	N/A	N/A
Lissa Lubinski MD	No response								
Manette Clinic	Yes	68%	No	No	No	No Further Response			
MD² Bellevue	N/A	100%	No	Yes	N/A	No Further Response			
MD² Seattle	N/A	100%	No	Yes	N/A	No Further Response			
North End Tacoma Health, PLLC	No	100%	No	No	Yes	0	2	22	15
Oodle Family Medicine	No	100%	Yes	No	No	N/A	N/A	N/A	N/A
Optimal Health Centers	No response								
Paladina Health	No response								
Patient Direct Care	No	100%	Yes	Yes	No	N/A	N/A	N/A	N/A

PeaceHealth Medical Group	Yes	N/A	Yes	No	Yes	0	0	0	27
Pier View Chiropractic	No response								
RediMedi Clinic	No	90%	Yes	No	No	N/A	N/A	N/A	N/A
Ridgefield Family Medicine	No response								
Seattle Medical Associates	No	100%	Yes	Yes	Yes	0	1484	1611	0
Seattle Premier Health	Yes	100%	No	No	Yes	0	189	369	4
Snoqualmie Valley Hospital	Yes	2%	Yes	No	Yes	0	0	5	128
Sound Clinical Medicine	Yes	<1%	No	No	Yes	0	0	7	N/A
Sound Medicine and Wellness	No	100%	No	No	Yes	2	27	45	1
Swedish Ballard Family Medicine Clinic	Yes	1%	No	No	No	No Further Response			
Thrive Direct Health Care	No	50%	Yes	Yes	No	0	40%	50%	10%

Total Care Clinics	Yes	<3%	No	No	Yes	0	0	N/A	0
TransforMD Primary Care	No	100%	No	No	Yes	0	0	1	17
True North Health Services	Office Closed								
Urgent Medical Center	Yes	<1%	No	No	Yes	0	0	N/A	0
Vantage Physicians	No	100%	Yes	No	Yes	68	234	426	100
Vintage Direct Primary Care PLLC	No	100%	Yes	No	Yes	74	204	319	214
Washington Park Direct Care	No	75%	Yes	Yes	Yes	No Further Response			
Wise Patient Internal Medicine	Yes	50%	Yes	Yes	Yes	N/A	N/A	95%	5%