Direct Practices

Annual report to the Legislature

December 1, 2012

Mike Kreidler - Insurance Commissioner

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Executive Summary

In 2007, the Washington State Legislature enacted Engrossed Second Substitute Senate Bill 5958, now codified as Chapter 48.150 RCW- creating innovative primary health care delivery.

The legislation requires the insurance commissioner to report annually to the Legislature on direct health care practices, including but 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 fee for all primary care services provided in the office, regardless of the number of visits. Patients pay a monthly fee. No insurance plan is involved, although patients may have insurance coverage for more costly medical services. Direct practices are sometimes called retainer or concierge practices.

The 2012 annual report on direct patient-provider primary care practices analyzes two years of annual statements (2011 through 2012).

Participation trends:

- As of 2012, there were approximately 12,629 patients out of a total Washington State population reported by the U.S. Census Bureau as 6.7 million.

- Overall patient participation increased by 8%, or 2,104 new patients, from a total of 10,525 in 2011 to 12,629 in 2012.

- The number of practices increased by five, from 24 to 29. There are six new practices and one practice in Vancouver that closed. Four of the new practices are located in eastern Washington, and one each in Tacoma, and Olympia.

1 RCW 48.150.100 (3)
• New practice enrollment accounted for 788 patients.

• New patients increased significantly to 1885 between four practices and two practices decreased enrollment by 682 patients.

**Complaints received:** The insurance commissioner’s consumer hotline has received no formal or informal complaints regarding any of the direct patient practices for 2012.

**Voluntary data reported by direct practices:** While all of the registered practices responded to the mandatory questions, less than half of the direct practices chose to report voluntary information. Some reported they did not collect this information. Others did not respond to any of the questions.

**Necessary modification to chapter:** The commissioner is not recommending any modifications to chapter RCW 48.150 at this time.
Background

In 2007, the Washington state 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 the 2007 law, the commissioner determined that health care providers engaged in direct patient practices or retainer health care were subject to current state law governing health care service contractors. However, due to the limited nature of the business model, the commissioner recognized that imposing the full scope of regulation under this law was neither practical nor warranted.

The 2007 law permits direct practices to operate without having to meet certain required responsibilities such as financial solvency, capital maintenance, market conduct, reserving, and filing requirements. Without the legislation’s safe harbor, direct practices meet the definition of a health care service contractor under our state law.

The law specifically states that direct practices operated under the safe harbor created by Chapter 48.150 RCW are not insurers, health carriers, health care service contractors or health maintenance organizations as defined in Title 48 RCW. As a result, the commissioner has extremely limited regulatory authority over these practices. For example, they are not subject to financial solvency or market conduct oversight; nor do they have to comply with the Patient’s Bill of Rights.

HB 2420, which repealed RCW 48.150.120, passed during the 2012 legislative session and was effective on June 7, 2012. This section of the statute required the commissioner to submit a study to the legislature by December 1, 2012.

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2 RCW 48.150.005
3 RCW 48.44.010(3)
4 RCW 48.150.060
The purpose of the study was to provide an analysis of the extent to which direct practices:

1. Improve or reduce access to primary health care services by recipient of Medicare and Medicaid, individuals with private health insurance, and the uninsured.
2. Provide adequate protection for consumers from practice bankruptcy, practice decisions to drop participants, or health conditions not covered by direct care practices;
3. Increase premium cost for individuals, who have health coverage through traditional health insurance;
4. Have an impact on a health carrier’s ability to meet network adequacy standards set by the commissioner or state health purchasing agencies, and
5. Cover a population that is different from individuals covered through traditional health insurance.

The Legislature’s House and Senate passed HB2420 that repealed RCW 48.150.120. The law was effective on June 7, 2012.

The only remaining explicit regulatory role given to the commissioner is the collection and reporting of an annual report to the Legislature on the information submitted in annual statements by direct practices. The commissioner is required to file annual reports to the Legislature on December 1 of each year.

**Annual Reports**

By October 1, direct practices must submit annual statements to the commissioner specifying the:

- Number of providers in each practice.
- Total number of patients being served.
- Average direct fee being charged, as well providers’ names, and
- The business address for each direct practice.

The Legislature did not give the commissioner rule-making authority, but permitted him to instruct the practices on how to submit the statement, in what form, and with what content.
The commissioner is required to submit an annual report to the Legislature on direct practices, including, but not limited to:

- Participation trends.
- Complaints received.
- Voluntary data reported by the direct practices.
- Any necessary modifications to the chapter.

**Direct Practices in Washington: A Definition**

Direct patient-provider primary care practices (direct practices) also are sometimes called retainer medicine or concierge medicine. Washington’s legislative definition states that a direct practice:

- Charges patients monthly fees 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 pre-determined fixed monthly fee to patients for all primary care services provided in their offices, regardless of the number of visits. Primary care services are defined 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.\(^5\)

These health care arrangements 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 direct patient, but continue to prohibit employers from entering into coverage agreements with direct practices.

Physicians providing direct practice care describe their practices as caring for fewer patients than conventional practices, and allowing more time for patients during office

\(^5\) RCW 48.150.010(8)
visits to ask questions and doctors to explain medical care. Some direct practices offer additional services such as same day appointments or extended business hours, home visits and physicians available for emergency calls on a 24-hour basis.

It is also important to understand what direct practices are not:

**Comprehensive health care coverage** - Direct practices are not “comprehensive coverage”. Services covered under direct practice agreements must not include services or supplies such as prescription drugs, hospitalization, major surgery, dialysis, high-level radiology, rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services, or supplies\(^6\). In fact, direct practice agreements must contain the following disclaimer statement: “This agreement does not provide comprehensive health insurance coverage. It provides only the health care services specifically described.”\(^7\)

**Access fee model** – There are practices in Washington offering a variety of amenities in return for an “access fee”. Most of these providers offer patients “improved access” through some type of same-day office visits, e-mail or telephone consultation, 24/7 contact by pager or cell phone, lifestyle planning, special tracking and follow-up, etc. These amenities are *in addition* to an underlying health care policy and can apply only to *non-covered* services.

**Discount health plan** - Discount health plans are membership organizations that charge a fee for a list of providers who offer discounted health care services or products.

**Cash only practices or Fee-for-Service** - Cash only practices do not charge a monthly fee. These practices charge patients for non-emergency services on an as-needed basis. Many insurance plans reimburse for these as out-of-network providers.

### 2012 Annual report

**What the data shows**

Direct practices began filing annual statements in October 2007. This report compares the last two years of data for 2011 and 2012. On July 1, 2012, the commissioner sent

\(^6\) RCW 48.150.010 (d)

\(^7\) RCW 48.150.110 (1).
the 2012 data call survey to all direct practices reporting annually since October 2007. The survey is designed to collect not only the mandatory information required in the annual statements, but also asks several voluntary questions. The following chart summarizes data collected in 2012 for 2011. Direct practices reporting annual information since 2007 are in bold. Census and fee information prior to 2010 are accessible through past reports, all of which are posted online at www.insurance.wa.gov.

Table 1. Summary of Required Data Reported by 2012 Annual Statements

<table>
<thead>
<tr>
<th>Practice Name</th>
<th>Location</th>
<th>Provider type</th>
<th># of patients 2011</th>
<th># of patients 2012</th>
<th>Monthly Fee 2011</th>
<th>Monthly Fee 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Adventist Health Medical Group</td>
<td>Walla Walla</td>
<td>5 MD</td>
<td>23</td>
<td>23</td>
<td>$49</td>
<td></td>
</tr>
<tr>
<td>Anchor Medical Clinic</td>
<td>Mukilteo</td>
<td>1 MD</td>
<td>197</td>
<td>193</td>
<td>$89</td>
<td>$94</td>
</tr>
<tr>
<td>3 Ballard Community Health</td>
<td></td>
<td>3 MD 1 ARNP</td>
<td>340</td>
<td>373</td>
<td>$45</td>
<td>$55</td>
</tr>
<tr>
<td>4 Bellevue Med. Partners/Bellevue</td>
<td></td>
<td>2 MD</td>
<td>310</td>
<td>300</td>
<td>$225</td>
<td>$200</td>
</tr>
<tr>
<td>5 CARE Medical Associates</td>
<td>Bellevue</td>
<td>1 DO</td>
<td>262</td>
<td>278</td>
<td>$121</td>
<td>$121</td>
</tr>
<tr>
<td>6 Charis Family Clinic</td>
<td>Edmonds</td>
<td>1 ARNP</td>
<td>24</td>
<td>19</td>
<td>$49</td>
<td>$49</td>
</tr>
<tr>
<td>7 Columbia Medical Associates</td>
<td>Spokane</td>
<td>24 MD 11 ARNP 5 DO 7 PAC</td>
<td>847</td>
<td>400</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>8 DirectCareMD/Heritage Olympia</td>
<td>Olympia</td>
<td>1 MD 1 ARNP 1 DO</td>
<td>45</td>
<td>60</td>
<td>$55</td>
<td>$62</td>
</tr>
<tr>
<td>9 Doctors Clinic of Spokane</td>
<td>Spokane</td>
<td>2 MD 1 DO 1PAC</td>
<td>36</td>
<td>230</td>
<td>$67</td>
<td>$69</td>
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<tr>
<td>10 Family Medicine Liberty Lake</td>
<td>Liberty Lake</td>
<td>1 MD 1 ARNP</td>
<td>8</td>
<td></td>
<td>$69</td>
<td></td>
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<tr>
<td>11 Guardian Family Care, Mill Creek</td>
<td></td>
<td>2 MD</td>
<td>360</td>
<td>500</td>
<td>$70</td>
<td>$64</td>
</tr>
<tr>
<td>12 Hart Family Medicine/Spokane</td>
<td></td>
<td>1 MD</td>
<td>2</td>
<td>2</td>
<td>$69</td>
<td>$69</td>
</tr>
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Formally Swedish Health
<table>
<thead>
<tr>
<th>Practice Name Location</th>
<th>Provider type</th>
<th># of patients 2011</th>
<th># of patients 2012</th>
<th>Monthly Fee 2011</th>
<th>Monthly Fee 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Hendler Family practice Bainbridge Island</td>
<td>1MD</td>
<td>85</td>
<td>107</td>
<td>$185</td>
<td>$169</td>
</tr>
<tr>
<td>14 Hirsh Holistic Family Medicine Olympia</td>
<td>1MD 1 ARNP</td>
<td>10</td>
<td>20</td>
<td>$845</td>
<td>$834</td>
</tr>
<tr>
<td>15 MD2 Bellevue  MD2 Seattle</td>
<td>2 MD 2 MD</td>
<td>217 208</td>
<td>217 224</td>
<td>$895</td>
<td>$886</td>
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<tr>
<td>16 North East WA. Medical Colville</td>
<td>37 Providers</td>
<td>47</td>
<td>32</td>
<td>$57</td>
<td>$57</td>
</tr>
<tr>
<td>17 O’Connor Family Medicine, PLLC Spokane</td>
<td>2 MD</td>
<td>3</td>
<td>3</td>
<td>$49</td>
<td>$49</td>
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<tr>
<td>18 Paladina Health Group of WA Tacoma</td>
<td>2 MD</td>
<td>574</td>
<td>574</td>
<td>$64</td>
<td>$64</td>
</tr>
<tr>
<td>19 Physicians Clinic of Spokane Spokane</td>
<td>20 MD 6 ARNP 1PAC</td>
<td>4 5</td>
<td>4 5</td>
<td>$59</td>
<td>$59</td>
</tr>
<tr>
<td>20 PeaceHealth Medical Group Vancouver</td>
<td>5 MD 4 PAC</td>
<td>91 305</td>
<td>91 305</td>
<td>$72</td>
<td>$72</td>
</tr>
<tr>
<td>21 Physicians Immediate Care &amp; Medical Centers North Richland</td>
<td>3 MD 3 DO 3 PAC</td>
<td>24 26</td>
<td>24 26</td>
<td>$67</td>
<td>$67</td>
</tr>
<tr>
<td>22 Qliance Medical Group Seattle, Kent, Mercer Island</td>
<td>9 MD 3ARNP</td>
<td>3542 4869</td>
<td>3542 4869</td>
<td>$70</td>
<td>$67</td>
</tr>
<tr>
<td>23 Rockwood Clinic Spokane</td>
<td>220 Providers</td>
<td>165 181</td>
<td>165 181</td>
<td>$38</td>
<td>$39</td>
</tr>
<tr>
<td>24 Roth Medical Clinic Spokane</td>
<td>1 MD</td>
<td>12</td>
<td>12</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>25 Seattle Medical Associates Seattle, WA</td>
<td>3 MD</td>
<td>2718 2483</td>
<td>2718 2483</td>
<td>$89</td>
<td>$120</td>
</tr>
<tr>
<td>26 Seattle Premier Health Seattle</td>
<td>2 MD</td>
<td>194 235</td>
<td>194 235</td>
<td>$208</td>
<td>$208</td>
</tr>
<tr>
<td>27 Snoqualmie Ridge Clinic Snoqualmie</td>
<td>4 MD 2 ARNP</td>
<td>252 247</td>
<td>252 247</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>28 Spokane Internal Medicine Spokane</td>
<td>9 MD</td>
<td>179</td>
<td>179</td>
<td>$69</td>
<td>$69</td>
</tr>
</tbody>
</table>

9 Formally Southwest Medical Group
10 Formally Swedish Premier Health
Table 1. Summary of Required Data Reported by 2012 Annual Statements

<table>
<thead>
<tr>
<th>Practice Name Location</th>
<th>Provider type</th>
<th># of patients 2011</th>
<th># of patients 2012</th>
<th>Monthly Fee 2011</th>
<th>Monthly Fee 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vantage Physicians/Olympia,</td>
<td>2 MD</td>
<td>540</td>
<td>534</td>
<td>$80</td>
<td>$85</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td>10,525</td>
<td>12,629</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Location

There are six new direct practices reporting annual statements for 2012, and one direct practice that closed, bringing the total number of direct practices to 29\(^\text{11}\).

Practices are located in eleven counties: King (9), Spokane (7), Snohomish (3), Thurston (3), Stevens (1), Benton (1), Pierce (1), Yakima (1), Clark (1), Walla Walla (1), and Island (1).

The Spokane clinics have multiple locations and providers. For example, Columbia Medical Associates has 60 providers in 14 locations, and the Rockwood clinics have over 220 physicians in six primary clinical locations.

Participation

- Overall patient participation increased by 8%, or 2,104 new patients, from 10,525 in 2011 to 12,629 in 2012.

- Most patients remain with the practice for at least a year.

- For the majority of direct practices, either the number of patients receiving care has remained stable or their practice is at capacity and not accepting new patients.

- Two clinics had a notable decrease in enrollment totaling 682 patients; one possible explanation is that one clinic raised their fee for $89 a month to $120.

\(^{11}\) Since 2010 the Yakima Valley Farm Workers Clinic (YVFWC) has not enrolled anyone in the Mexican Worker Health Program and is not included in this number.
• Four clinics had a notable increase in enrollment totaling 1,875 patients. Three of these clinics reported voluntary data totaling 1,633 patients who were uninsured.

• Twenty out of 29 direct practices participate as a network provider in a health carrier’s network; this is a significant change since 2007 when direct practices reported that they were exclusively direct-patient provider primary care practices.

Fees

• Fees at 10 of the direct practices remained the same as last year.

• Fees at the six new practices range from $25 to $100. Three new practices charge less than $50.

• Seven direct practices increased their monthly fees, six practices’ increased in amounts ranging from $1 to $10, while the seventh increased $31.

• Six direct practices decreased their monthly fees by amounts ranging from $3 to $25.

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 problems caused by a shortage of primary care physicians, and possibly lower emergency room use.

The range of monthly fees in direct practices varies from $50 or less to over $200. The largest concentration of enrollees is in the $51 to $75 range. In addition, data is not collected about the affordability of these fees for those enrolled in the direct practice.

Table 2, below, provides information about the census in the five major fee ranges for direct practices. A comparison of the annual statement information collected by the insurance commissioner shows major growth in 2012 in those enrolled in direct practices charging fees between $51 and $75 a month. Reasons for this growth includes; two of the new direct practices charge fees in this range, one direct practice raised their rates and moved up to this category and four direct practices in this range had notable increases in patient enrollment.
# Table 2. Changes in practice census over time, based on monthly fee

<table>
<thead>
<tr>
<th>Monthly fee</th>
<th>$ 50 or less</th>
<th>$51 to $75</th>
<th>$76 to $100</th>
<th>$101 to $200</th>
<th>$201 +</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Enrollees</td>
<td>885</td>
<td>7163</td>
<td>737</td>
<td>3168</td>
<td>676</td>
</tr>
<tr>
<td>2012 Practices</td>
<td>7</td>
<td>13</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>2011 Enrollees</td>
<td>1288</td>
<td>4506</td>
<td>3455</td>
<td>347</td>
<td>929</td>
</tr>
<tr>
<td>2011 Practices</td>
<td>4</td>
<td>11</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

## Impact on the uninsured

The survey asked direct practices if they collected information about other types of health coverage the patient has when they sign a direct practice agreement. Only 12 direct practices out of 29 reported this information. The number of individuals reported as uninsured totaled 2,181, or 17%, of direct practice patients.

Because direct practices are barred by law from billing carriers for primary care services, if enrollees have private insurance, the assumption made is that these patients are combining high-deductible plans with direct practice primary care. Direct practices themselves often recommend that their patients combine direct practice enrollment with a high-deductible insurance plan. Twelve direct practices reported a total of 5,931 individuals with private insurance or 47% of direct practice patients.

## How direct practices evolved

Washington is the birthplace of direct practices. The origins of this approach are often traced to MD2, which began in 1996. In the last 16 years:

- Both the American Medical Association and the American Academy of Family Physicians established ethical and practice guidelines for retainer practices.
- In 2003, the federal establishment of Health Savings Accounts (HSA) promoted consumer-directed medicine, which includes enrolling in 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 charging 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 the report Physician Services: Concierge Care Characteristics and Considerations for Medicare. At that time, nationwide there were 112 “concierge physicians” charging annual fees ranging from $60 to $15,000.

• In 2006, Washington’s insurance commissioner determined that retainer practices are insurance. West Virginia’s 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 being provided to patients under the direct practice agreement.

Federal Health Care Reform

On March 23, 2010, the president signed The Patient Protection and Affordable Care Act (PPACA). PPACA requires the development of exchanges, beginning in 2014, to help individuals and small businesses purchase health insurance coverage and qualify for subsidies that will only be available for plans sold through the exchange.

An exchange cannot offer any health plan that is not a qualified health plan. A qualified health plan must meet requirement standards and provide an essential benefit package as described in PPACA. Essential health benefits include at least the following general categories and the items and services covered within the categories:

(A) Ambulatory patient services.

(B) Emergency services.

(C) Hospitalization.

12 GAO-05-929
13 PPACA, Pub. L. No 111-148, § 1301(a)(1)
14 PPACA, Pub. L No 111-148, § 1302(b)
(D) Maternity and newborn care.

(E) Mental health and substance use disorder services, including behavioral health treatment.

(F) Prescription drugs.

(G) Rehabilitative and habilitative services and devices.

(H) Laboratory services.

(I) Preventive and wellness services and chronic disease management.

(J) Pediatric services, including oral and vision

Since September 23, 2010, PPACA requires new health care plans to eliminate any cost-sharing requirements with respect to evidence-based items or services that have in effect a rating of A or B in the current recommendation of the United States Preventive Services Task Force.

The Exchange Bill

The Legislature passed E2SHB 2319, “An act relating to furthering state implementation of the health benefit exchange and related provisions of the affordable care act” during the 2012 legislative session, generally referred to as “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 Affordable Care Act to be offered in the Exchange beginning January 1, 2014.

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 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 Practice

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

1. How will direct practices operate under PPACA?

   Direct practices are not insurers and are authorized to offer only primary care services to their direct practice patients and not comprehensive health care. Therefore, under PPACA, they cannot be a qualified health plan eligible for sale through the state Health Benefits Exchange.

   PPACA does specify that a “qualified health plan” may provide coverage “through a qualified direct primary care medical home plan.” Thus, a direct practice may contract with a carrier to provide the primary care services included in the carrier’s qualified health plans.

2. How does PPACA affect consumers with existing direct practice agreements?

   • The limited data collected from direct practices providing voluntary information on other health care coverage at the time of enrollment indicates that some consumers are combining high-deductible health plans (HDHP) with a direct practice agreement.

   • In 2014, when the individual mandate responsibility of obtaining insurance is effective, it may not be financially beneficial for a consumer to pay a direct practice for primary care services, as the agreement may not satisfy the coverage participation requirements.

   • PPACA also requires all health plans to cover essential health benefits, including preventive services and chronic disease management.

   • A consumer who enters into a direct practice agreements with a primary care provider outside of the Exchange most likely would be paying twice for some primary care, preventive services and chronic disease management that is also covered by their plan.

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15 PPACA, Pub. L. 111-148,§1301(c)(3)
• PPACA sets limits for maximum out-of-pocket expenses. A maximum out-of-pocket expense is the sum 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 co-insurance for a HDHP. Consumers’ costs associated with a direct practice outside of the Exchange may not count as cost-sharing expenses for the HDHP. 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. Therefore, the consumer would not benefit from direct practice monthly fees counting toward their maximum out-of-pocket expense limits.

• Consumers who purchase qualified health plans through the Exchange will be entitled to subsidies or premium tax credits if they meet certain income requirements. These financial incentives are not available outside of the Exchange, and may result in enrollees abandoning direct practice arrangements.

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

Exclusive direct practices that cater to wealthier consumers and offer more of a concierge model of care would most likely still have a market. On the other end of the spectrum, a market exists for direct practice agreements to individuals not entitled to buy health care coverage through the Exchange, such as undocumented immigrants. Additionally, some consumers join direct practices because they like the personal services offered and will continue with their direct practice agreements.

Recommendations for legislative modifications

Washington is at the forefront of national regulation of direct primary care practices. Since passage of the 2007 law, direct primary care practices have not gained significant market share, but have expanded into eleven counties in the state.

The upcoming changes required by health care reform on January 1, 2014 including an operational Exchange will most likely impact direct practices. Until qualified health plans are certified for use in the Exchange, it is uncertain how many direct practices will form partnership with health carriers to offered coordinated care consistent with federal requirements.

16 Section 223(c)(2)(A)(ii) of the Internal Revenue Code of 1986
The commissioner does not have any recommendation for the Legislature to consider other than continuing to monitor direct practices using annual statements and consumer complaints.
APPENDIX A ANNUAL STATEMENT FORM

DIRECT PRACTICE ANNUAL STATEMENT REPORT 2012

Please provide the following information by clicking on the shaded boxes. The questions marked with an * symbol are required to be answered. All data reported should be calculated from the date your direct practice began.

*Practice Name:  
*Address: 

*List the name of the providers participating in direct practice care.  

Do any of these providers participate as a network provider in a health carrier’s network? Check one:  

What percentage of your business is direct practice? Check one:  

Has the practice discontinued any patients? Check one:  

If yes, how many , and please check the reasons:  

Has your direct practice declined to accept any patients? Check one:  

If yes, how many , and please check the reasons:  

*How many direct practice patients are enrolled in your program?  
How many are children?  How many are adults?  

(Please continue to page 2)
*What is your average monthly fee? _____

*What is your average annual fee? _____

Do you collect information about any other type of health coverage the patient has when they sign a direct practice agreement?
Check one:  [ ] Yes    [ ] No

If yes, what is the total number of patients with:

- Medicaid  _____
- Medicare  _____
- Private health insurance  _____
- Uninsured/No prior health coverage  _____

Please include a copy of your direct practice agreement including your fee structure, disclosure statement, and any marketing materials you use with your completed Direct Practice Annual Statement Report form.

- [ ] I did not provide this information for the 2011 report and it is included with this report.
- [ ] I did provide this information for the 2011 report and it has not changed so I do not need to provide it for 2012.
- [ ] I did provide this information for the 2011 report but information changed and it is included with this report.

If you have any questions regarding this survey please contact:

Donna Dorris  
Senior Health Policy Analyst  
Office of Insurance Commissioner

Phone: (360) 725-7040  
FAX: (360) 586-3109  
donnad@oic.wa.gov
### Appendix B – Voluntary Information Reported 2012

| Do any providers in your practice participate as a network provider in a health carrier’s network? | Adventist Health Medical Group | Anchor Med. Clinic | Ballard Community Health | Bellevue Medical Partners LLC | CARE Medical Associates | Charis Family Clinic | Columbia Medical Associates | DirectCareMD Heritage Family | Doctors Clinic of Spokane | Family Medicine Liberty Lake | Guardian Family Care | Hart Family Medicine | Hendler Family Practice | Hirsh Holistic Family Medicine | MD2 | North East Washington Med. group |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Yes | No | Yes | No | Yes | Yes | Yes | Yes | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| What percentage of your business is direct practice? | Don’t Know | 100 | 33 | 100 | 80 | Don’t Know | 1 | 3 | 2.5 | Don’t Know | 100 | Don’t Know | 100 | 1.5 | 100 | Don’t Know |
| Has the practice discontinued any patients? | No | Yes | Yes | Yes | No | Yes | Yes | No | Yes | Yes | No | No | No | No | Blank | No |
| The patient failed to pay under the terms of the direct agreement. | X | X | X | X | X | X | X | X | |
| The patient performed an act that constitutes fraud? | X | | | | | | | | X |
| Has your direct practice declined to accept any patients? | No | Yes | No | No | No | Yes | Yes | No | Yes | No | Yes | No | No | No | Yes | No |
| The practice has reached its maximum capacity. | | | | | | | | | | X |
| The patient’s medical condition is such that the provider is unable to provide the appropriate level and type of health care services. | X | X | X | X | X | X | X | X | X |
| Do you collect information about any other type of health coverage the patient has when they sign a direct practice agreement? | No | Yes | No | No | Yes | Yes | No | No | No | No | Yes | No | No | Yes | Blank | No |
| Medicaid | 0 | 0 | 1 | | | | | | | | | | | | | |
| Medicare | 86 | 0 | 35 | | | | | | | | | | | | | |
| Private health insurance | 60 | 298 | 217 | | | | | | | | | | | | | |
| Uninsured/No prior coverage | 47 | 2 | 25 | | | | | | | | | | | | | 
| What is the average length of enrollment? | Blank | +1yr | +1yr | +1yr | +1yr | 6 Mo | +1yr | +1yr | +1yr | 6 Mo | +1yr | 3 MO | +1yr | 6-12mo | Blank | Blank |
### Appendix B – Voluntary Information Reported 2012

<table>
<thead>
<tr>
<th></th>
<th>O’Connor Family Medicine</th>
<th>Palandia Health Group of WA</th>
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<th>PeaceHealth Medical Group</th>
<th>Physicians Immediate Care</th>
<th>Qliance Medical Group</th>
<th>Rockwood Clinic</th>
<th>Roth Medical Clinic</th>
<th>Seattle Medical Associates</th>
<th>Seattle Premier Health</th>
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<th>Spokane Internal Medicine</th>
<th>Vantage Physicians</th>
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<td>100</td>
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<td>The patient failed to pay under the terms of the direct agreement.</td>
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<td>The patient performed an act that constitutes fraud?</td>
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<td>Has your direct practice declined to accept any patients?</td>
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<td>The practice has reached its maximum capacity.</td>
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<td>The patient’s medical condition is such that the provider is unable to provide the appropriate level and type of health care services.</td>
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<td>+1 yr</td>
<td>+1 yr</td>
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![Page Number](image)
## WEBSITES AND ADDRESSES FOR DIRECT PRACTICES

<table>
<thead>
<tr>
<th>DIRECT PRACTICE ADDRESS</th>
<th>WEBSITE</th>
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</table>
| Adventist Health Medical Group  
111South 2nd Ave  
| Anchor Medical Clinic  
8227 44th Ave. W. Suite E  
| Ballard Community Health Medical Home  
5300 Tallman Ave. N.W.  
Seattle, WA 98107 | [http://www.swedish.org](http://www.swedish.org) |
| Bellevue Medical Partners LLC  
1750 112th Ave. N.E. A-102  
| CARE Medical Associates  
1407 116th Ave. N.E. #102  
| Charis Family Clinic PLLC  
23601 Hwy99, Ste A,  
| Columbia Medical Associates  
PO Box 2808  
| DirectCareMD/Heritage Family  
3333 Harrison Ave N.W.  
| Doctors Clinic of Spokane  
Franklin Park Med. Building  
220 E. Rowan Suite 300  
| Family Medicine Liberty Lake  
23801 East Appleway Ave  
Suite 250  
| Guardian Family Care, PLLC  
805 164th St. SE #100  
Mill Creek, WA 98102 | [http://www.guardianfamilycare.net/](http://www.guardianfamilycare.net/) |
| Hart Family Medicine/ Spokane  
107 E Holland Ave.  
| Hendler Family Practice  
231 Madison Avenue South  
| Hirsh Holistic Family Medicine  
3525 Ensign Rd NE, Suite N  
| MD2 Bellevue  
1135 116th Ave N.E., S# 610  
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<tr>
<th>Medical Group Name</th>
<th>Address</th>
<th>Website</th>
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<tr>
<td>O’Connor Family Medicine, PLLC</td>
<td>309 E. Farwell #204 Spokane, WA 99218</td>
<td>No web site at this time</td>
</tr>
<tr>
<td>Physicians Clinic of Spokane Sacred Heart Medical Center Campus Medical Center Building 820 S McClelan Spokane, WA 99204</td>
<td><a href="https://www.physiciansclinicspokane.com/pcs2/">https://www.physiciansclinicspokane.com/pcs2/</a></td>
<td></td>
</tr>
<tr>
<td>Physicians Immediate Care &amp; Medical Centers</td>
<td>1516 Jadwin North Richland, WA 99354</td>
<td><a href="http://www.picmc.com/">http://www.picmc.com/</a></td>
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<tr>
<td>Roth Medical Clinic</td>
<td>220 E. Rowan #200 Spokane, WA 99207</td>
<td><a href="http://rothmedicalclinic.com/">http://rothmedicalclinic.com/</a></td>
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