

ALASKA STATE LEGISLATURE

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SPONSOR STATEMENT

Direct Primary Care Practices Not Insurance Version W

This bill creates an environment where a new market for the delivery of primary care can exist and grow. The market mechanism is known as "Direct Primary Care." The bill proposes no new regulation and incurs no additional expense to the state. The bill amends the state insurance code by exempting direct primary care associations from the definition of insurance. This bill does not mandate that direct primary care practices be formed, it only exempts them from regulation by the division of insurance. It creates space for them exist.

A direct primary care association consists of a group of physicians who contract with individual patients to provide primary care for a monthly fee. Through this arrangement patients gain access to as much primary care as they need. The relationship between physician and patient is contractual and the contractual relationship can be altered or amended by the same means that already govern existing contractual relationships.

Under existing primary care models a patient sees a doctor, then the doctor bills whoever the payer might be for the patient, the patient's commercial insurance, Medicaid, Medicare etc..

In a direct primary care practice group no bill is submitted to a third party payer. The only money exchanged is the patient's monthly membership payments to the direct primary care practice group. This arrangement liberates the physician from all involvement with commercial insurance, Medicaid and Medicare and the physicians are relieved from the avalanche of paperwork required by these payers. Physicians have more time to spend on direct patient care.

Presently, no true marketplace for healthcare exists. This is widely acknowledged as one of the factors that drive health care costs up. The American Academy of Family Physicians "Principles for Reform of the U.S. Health Care System" holds that: "Less complicated administrative systems are essential to reduce costs, create a more efficient health care system, and maximize funding for health care services."

<http://www.aafp.org/about/initiatives/principles-for-reform.html> Direct primary care associations create a less complicated administrative system.

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