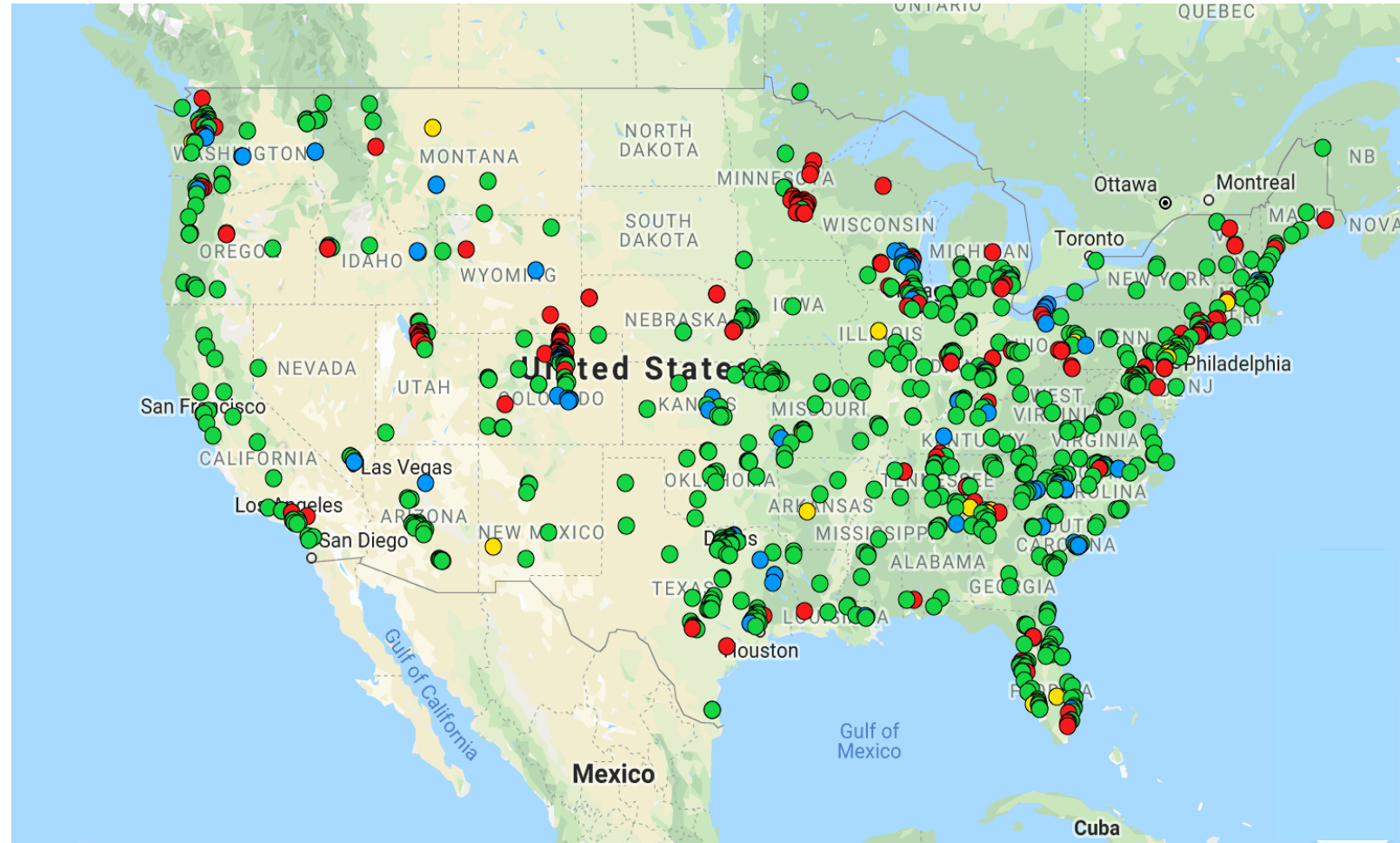


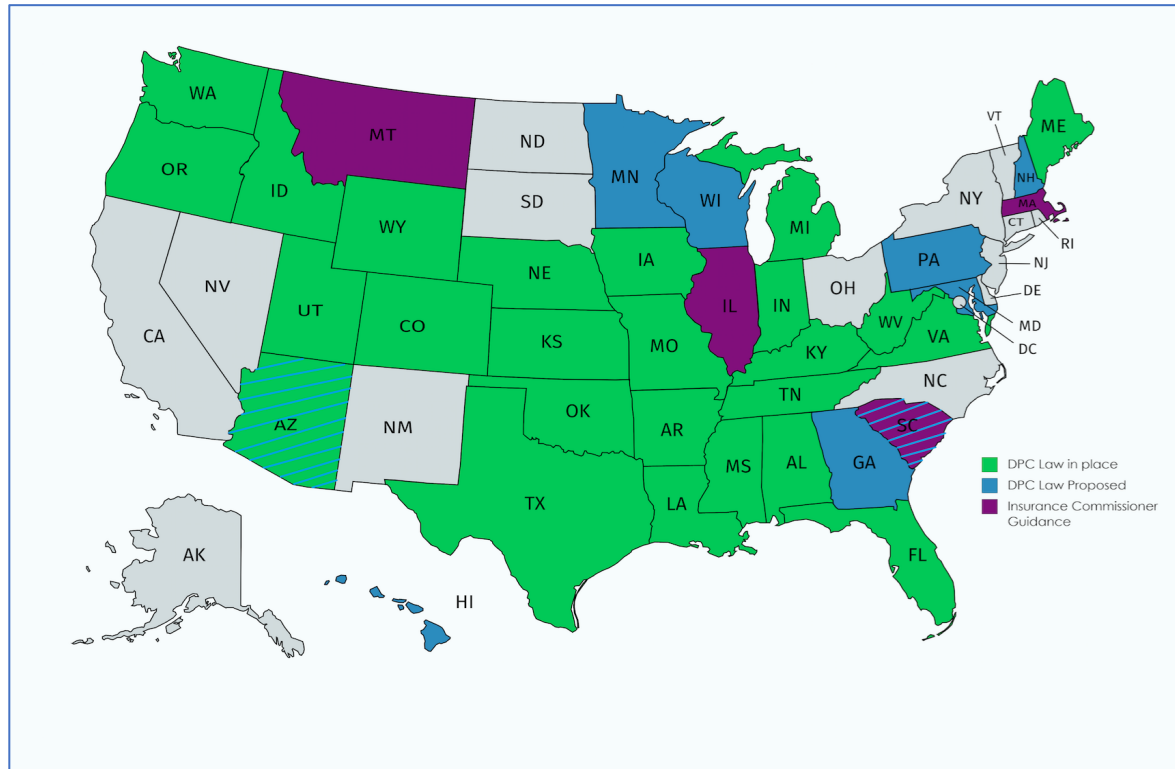
# Direct Primary Care in 2019

- Innovative monthly payment model
- Personal relationship with primary care physician
- Over 1,000 practices in 48 States + DC
- Median fee about \$70 per person per month or \$165 family of 4
- Better outcomes, patient satisfaction
- Deep discounts on prescriptions, labs
- Offered through employers, Medicare Advantage, Medicaid MCOs, state employee plans
- Employer claims show savings of up to 20% of total cost of care
- Bipartisan Legislative History:
  - *Defined in ACA Section 1301 (a) (3)*
  - *30 Bipartisan State Laws and Regs*
  - *CMS Proposal Expands to Medicare*



# DPC Laws Passed in ~~25~~ 26 States

*Solid regulatory guidance in an additional 5 states*



1. Washington – [48-150 RCW](#)
2. Utah – [UT 31A-4-106.5](#)
3. Oregon – [ORS 735.500](#)
4. West Virginia – [WV-16-2J-1](#)
5. Arizona – [AZ 20-123](#)
6. Louisiana – [LA Act 867](#)
7. Michigan – [PA-0522-14](#)
8. Mississippi – [SB 2687](#)
9. Idaho – [SB 1062](#)
10. Oklahoma – [SB 560](#)
11. Missouri – [HB 769](#)
12. Kansas – [HB 2225](#)
13. Texas – [HB 1945](#)
14. Nebraska – [Legislative Bill 817](#)
15. Tennessee – [SB 2443](#)
16. Wyoming – [SF0049](#)
17. Arkansas – [HB 1161](#)
18. Kentucky – [SB 79](#)
19. Colorado – [HB 17-1115](#)
20. Indiana – [SB 303](#)
21. Virginia – [HB 2053](#)
22. Alabama – [SB 94](#)
23. Maine – [S.P. 472](#)
24. Florida – [HB 37](#)
25. Iowa – [HF 2356](#)

- Laws generally define DPC as a medical service outside of state insurance regulation, offer consumer protections *Key:*
- **DPC Laws passed – signed by governor.**
- **Solid regulatory guidance.**
- **2019 Legislation Introduced: AZ, GA, MN, MD, NH, PA, SC, WI.**

# Is it DPC or Concierge Medicine?

- **DPC:** Completely outside 3<sup>rd</sup> party insurance reimbursement.
  - Fees cover high access level *plus* all costs of primary care
  - *Avoids misaligned FFS incentives*
  - *Minimal administrative costs for great primary care*
- **Concierge:** Provider access fees paid for “non-covered” services
  - *Expanded access to care bundled with executive physical or other non-covered service*
  - *Patient bills insurance for medical services – still in a fee for service (FFS) environment*
- **DPC:** More affordable than concierge, usually lower than \$100 per month.
  - *Even offered in Medicaid some states*
- **DPC:** Alternative Payment Model driving improved outcomes at lower costs.
  - *Concierge may well improve care for some...*
  - *but only for those who can afford it*

## COSTS

**Adults** (ages 25 and up):  
\$70/month

**Under the age of 25:**  
\$35 per person per month

**Families of Four** (2 adults  
& 2 children):  
\$180/month and \$20 for  
each additional child

**Home Visits** available for  
an additional fee of \$100  
per visit.

## SIMPLE COST STRUCTURE AND NO INSURANCE HASSLES.



Lab Test	Retail Cost	Core FP
Basic Metabolic Panel	\$ 44.00	\$ 5.43
CBC W/Diff and Plt	\$ 40.56	\$ 5.53
Comprehensive Metabolic Panel	\$ 51.00	\$ 6.79
Ferritin	\$ 73.00	\$ 11.95
hemoglobin A1c	\$ 48.00	\$ 9.63
Hepatic Function Panel	\$ 42.00	\$ 5.20
Iron, Total	\$ 35.00	\$ 3.22
Lipid Panel	\$ 70.00	\$ 9.00
microalbuminuria/cre ratio	\$ 166.00	\$ 29.91
PSA, Total	\$ 92.00	\$ 14.13
PT/INR	\$ 22.00	\$ 8.95
TSH	\$ 85.00	\$ 10.27
Urine Culture	\$ 42.00	\$ 15.86

Generic Drug Name	Brand Name	Pill #	Prescription Cost (Based on local GoodRX cash pricing)	Core FP Cost
AMLODIPINE BESYLATE 5MG	Norvasc	30	\$ 20.00	\$ 4.80
AMLODIPINE/BENAZEPRIL 5-10MG	Lotrel	30	\$ 40.00	\$ 12.00
AMOXICILL CLAV ACID 875/125MG	Augmentin	20	\$ 45.00	\$ 10.00
AMOXICILLIN 500MG		20	\$ 10.00	\$ 4.80
ATORVASTATIN CALCIUM 20MG	Lipitor	30	\$ 24.00	\$ 4.80
AZITHROMYCIN 250MG	Z-Pack	6	\$ 17.00	\$ 5.00
BUPROPION HCL SR 150MG	Wellbutrin	60	\$ 42.00	\$ 10.20
CEPHALEXIN 500MG	Keflex	30	\$ 21.00	\$ 4.80
CETIRIZINE 10MG	Zyrtec	30	\$ 13.00	\$ 4.80
CIPROFLOXACIN HCL 250MG	Cipro	14	\$ 34.00	\$ 4.90
CITALOPRAM HYDROBROMIDE 20MG	Celexa	30	\$ 20.00	\$ 4.80
CLOPIDOGREL BISULFATE 75MG	Plavix	30	\$ 25.00	\$ 5.10
DULOXETINE HCL DR 60MG	Cymbalta	30	\$ 20.00	\$ 10.00
ESCITALOPRAM 10MG	Lexapro	30	\$ 113.00	\$ 4.80
FUROSEMIDE 20 MG	Lasix	30	\$ 12.00	\$ 2.40
GABAPENTIN 300MG	Neurontin	90	\$ 83.00	\$ 7.20
GLIMEPIRIDE 1MG	Amaryl	30	\$ 12.00	\$ 4.80
GLIPIZIDE 10MG	Glucotrol XL	30	\$ 26.00	\$ 4.80
HYDROCHLOROTHIAZIDE 25MG	Microzide	30	\$ 12.00	\$ 2.40
IBUPROFEN 800MG	Motrin	30	\$ 12.00	\$ 3.60
LEVOFLOXACIN 500MG	Levaquin	10	\$ 18.00	\$ 4.80
LISINOPRIL 10MG	Zestril	30	\$ 13.00	\$ 2.40
LISINOPRIL HCTZ 20/12.5MG	Zestoretic/Prinzide	30	\$ 22.00	\$ 4.80
LOSARTAN POTASSIUM 50MG	Cozaar	30	\$ 15.00	\$ 4.80
MELOXICAM 15MG	Mobic	30	\$ 10.00	\$ 6.00
METOPROLOL TARTRATE 50MG RNDPK	Toprol	60	\$ 20.00	\$ 4.80
MONTELUKAST SODIUM 10MG	Singulair	30	\$ 24.00	\$ 6.90
NAPROXEN 500MG	Naprosyn	20	\$ 12.00	\$ 4.00
OMEPRazole DR 20MG	Prilosec	30	\$ 24.00	\$ 4.80
ONDANSETRON 4MG	Zofran	10	\$ 15.00	\$ 3.00
PREDNISONE 20MG	Prednisone	10	\$ 12.00	\$ 4.80

Procedures	Retail Cost	Core FP Cost
EKG	\$ 60.00	Included
Lesion Removal: Skin tags, moles, etc.	\$ 160.00	Included
Incision & Drainage	\$ 195.00	Included
Pulse Ox	\$ 10.00	Included
Breathing Treatment	\$ 40.00	Included
Laceration Repair	\$ 250.00	Included
Cryotherapy	\$ 180.00	Included
Ear Wash	\$ 110.00	Included
Suture Removal	\$ 85.00	Included
Vision & Hearing screens	\$ 30.00	Included
Blood sugar testing	\$ 10.00	Included
Rapid Strep	\$ 33.00	Included
Urinalysis	\$ 28.00	Included



**DPC practices offer significantly reduced costs on prescriptions, labs and other services**



Already working with...  
Self-Insured Employers  
Medicare Advantage  
State and local employee funds  
Union trust funds




**New Jersey State Health Benefits Program**



# DPC Reduces Overall Cost of Care

Employer claims data shows overall reductions in cost of care up **20% \***  
**25.4 %** reduction in claims costs + reduction in risk scores \*\*  
Inpatient hospital admissions down **28% \*\*\***

## DPC Reduces Health Spending *v. employees with FFS*

	<b>Boeing Commercial Aircraft</b>
Location	Seattle WA
Lead Evaluator Institution	Univ of Oregon
Dates examined	2007-8
n for eval	276
Hospital admits	-28%
ER Visits	-14%
Total spending	-20%



### Why?

- Significantly reduced administrative expenses – *no claims*
- Better primary care utilization
- Reduced overall health costs
- Reduced out of pocket costs for consumers
- Predictable fixed costs for employers/payers

### Data Sources:

- \* *Journal American Board of Family Medicine* , Nov. 2015
- \*\* *Nextera/Digital Globe Case Study* June 1 – Dec. 31, 2015
- \*\*\* *Iora Claims Database* 2007 - 2016



# IRS Interpretation of HSA Rules and DPC

- **Current HSA Eligibility Rules:**

- Individuals eligible for HSAs must be covered by a high deductible health plan and no *other* health plan that (1) is not a high deductible health plan or (2) provides coverage for any benefit which is covered under the high deductible health plan.

- **Treatment of DPC Arrangements**

- Under present law views DPC arrangements as “*other*” coverage or health insurance.
- As such, a person with a DPC arrangement is not eligible to contribute to an HSA.
- Federal policy hurdle preventing many employers from using DPC.

- **Primary Care Enhancement Act- Legislative Clarifications**

- A DPC arrangement will not be treated as a health plan or “*other*” coverage that will make an individual ineligible to contribute to an HSA
- Pre-tax HSA funds may be used to pay for DPC fees.
- DPC is not health insurance for the purposes of HSA rules in the tax code.

To amend the Internal Revenue Code of 1986 to allow individuals with direct primary care service arrangements to remain eligible individuals for purposes of health savings accounts, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. CASSIDY introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to allow individuals with direct primary care service arrangements to remain eligible individuals for purposes of health savings accounts, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Primary Care En-

5 hancement Act of 2019”.

# The Primary Care Enhancement Act

- Bipartisan Bill – H.R. 365 *Sen. Bill Cassidy, MD (R-LA) Rep. Earl Blumenauer (D-OR)*
  - Clarifies HSA Provisions regarding DPC in the Tax Code
  - DPC *is not* a health plan or insurance
  - DPC *is* a qualified health expense
  - Allows individuals with HSAs to pay for DPC services with HSAs.
- *Modified Provision Passed House in H.R. 6199 July 25, 2018*
  - *Applies provision only to plans under \$150 per month individual, \$300 for family plans.*
  - Limits services to primary care only and shall not include:
    - procedures that require the use of general anesthesia,
    - prescription drugs (other than vaccines), and
    - laboratory services not typically administered in an ambulatory primary care setting.



[www.dpcare.org](http://www.dpcare.org)

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