

# Legislative Testimony

## House Bill 92

*April 2019*



Chair Spohnholz, Chair Zulkosky & Members of the House Health & Social Services Committee,

One primary reason that health care costs don't respond to normal market pressures is because most health care does not exist within a free market system. More often than not, health care costs are paid by a third party, either by the government such as via Medicaid and Medicare, or by an insurance company such as with private insurance. It is in fact an outlier for the recipient of health care to pay the provider directly for services received. As a result, not only is the true cost of health care thus disguised, but there is little market pressure. Our current health care system is a vast machine of third-party payers, pre-approvals, government regulations, networks, and reimbursements.

Direct Primary Care (DPC) is the exception—as a relatively new and fast-growing model, it does not adhere to the fee-for-service model of health care and insurance to which most Americans are accustomed. With DPC, consumers pay a recurring fixed monthly fee directly to the provider for basic medical services. The monthly amount can vary from \$39 to \$150 for adults depending on the doctor, the area and sometimes your age (most charge less for children and some have family pricing). There are no deductibles and usually no co-pays. It's not insurance, as the care and services provided are limited in scope, and patients are usually required to have some sort of catastrophic insurance coverage.

Providers like DPC because they can deliver much more thorough medical care—no longer must they spend their working hours dealing with insurance billing administration, paperwork and regulation. Because providers are not operating under the dictates of what insurance will or won't cover, doctor-patient relationships often

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become much more personalized. Additionally, since DPC patients generally have full and direct access to the provider, doctors are incentivized to keep their patients healthy.

DPC is a refreshing movement within the health care industry and one that can help drive down health care costs while simultaneously creating healthier Alaskans.



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