

SENATE BILL REPORT

SB 6497

As Reported by Senate Committee On:
Health & Long-Term Care, January 27, 2010

Title: An act relating to information on direct practices that the office of the insurance commissioner must gather and report to the legislature.

Brief Description: Concerning direct practices.

Sponsors: Senator Keiser; by request of Insurance Commissioner.

Brief History:

Committee Activity: Health & Long-Term Care: 1/25/10, 1/27/10 [DP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

Background: Legislation passed in 2007 authorized direct patient primary care practices in statute. Direct practices charge a patient a set fee for all primary care services provided in their office. No insurance plan is involved, although patients may have insurance coverage for more costly medical services.

The 2007 legislation required the Office of Insurance Commissioner (OIC) to report to the Legislature annually on direct practices, including participation trends, complaints received, voluntary data reported by the practices, and any necessary modifications to the new law. The first annual report was submitted in December 2009, which indicates there are 29 direct practices with approximately 8,000 patients. Practices are currently located only in King, Snohomish, and Thurston counties.

In addition to the annual reporting, the OIC was directed to complete a more extensive study of direct practices in 2012, including the extent to which direct practices: improve or reduce access to primary care for individuals in Medicare, Medicaid, private insurance, and the uninsured; provide adequate protection for consumers from practice bankruptcy, decisions to drop patients, or health conditions not covered by the direct practice; increase premium costs

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

for individuals who have traditional insurance; have any impact on health carriers' network adequacy standards; and cover a population that is different from those in traditional insurance. The study is also to include an examination of the extent that patients in direct practices maintain their insurance for health conditions not covered by the direct practice.

The OIC recommends eliminating the 2012 report since the data is not available; and, they recommend modifying the reporting requirements for the direct practices.

Summary of Bill: The timeframe for direct practices reporting to the OIC is modified from October to July of each year; and, the commissioner may clarify in rule any additional information that may be required in the annual statements. The 2012 report on direct practices is repealed; however, the annual report on trends will continue.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: In the process of completing the first annual report on direct practices, we found that the data is hard to access. Only one practice is expanding in size, and there's been very modest growth in the number of practices established. The report recommended the Legislature move the reporting date and eliminate the more comprehensive study because the information that would be needed will be very difficult to get. Although the fiscal note doesn't show savings from eliminating the report, if the report remains we would need to seek funding to complete it for 2012. We support the commissioner's request to modify the reporting, although we would also love to see some monitoring of the impacts the direct practices may have on others.

Persons Testifying: PRO: Mary Clogston, Office of Insurance Commissioner; Sydney Smith Zvarra, Association of Washington Healthcare Plans; Steve Gano, Premera.