

HOUSE BILL REPORT

HB 2420

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to a study and report concerning direct practices that the office of the insurance commissioner must provide to the legislature.

Brief Description: Repealing the requirement for a study and report concerning direct practices that the office of the insurance commissioner must provide to the legislature.

Sponsors: Representatives Cody, Roberts and Upthegrove; by request of Insurance Commissioner.

Brief History:

Committee Activity:

Health Care & Wellness: 1/30/12 [DP].

Brief Summary of Bill

- Repeals the requirement for the Insurance Commissioner to submit a 2012 study on direct practices to the Legislature.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 11 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Bailey, Clibborn, Green, Harris, Kelley, Moeller and Van De Wege.

Staff: Chris Cordes (786-7103).

Background:

Overview of Direct Practices.

Direct patient-provider primary care practices (direct practices) are a health care provider or a group of health care providers that furnish primary care services through a direct agreement with a patient. Under the direct agreement, the direct practice charges a monthly fee in exchange for being available to provide primary care services to the patient. While direct

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practices are not insurance carriers, they are required to register annually with the Office of the Insurance Commissioner (OIC).

Annual Reports on Direct Practices.

Since October 1, 2007, direct practices have been required to submit annual statements to the OIC with certain information, including the number of providers in the practice, the number of patients served, and the average direct fee being charged. The Insurance Commissioner (Commissioner) must report annually to the Legislature on direct practices including participation trends, complaints received, voluntary data reported by the direct practices, and any necessary modifications to the law on direct practices.

Commissioner Study of Direct Practices.

In addition to the annual reports, the Commissioner is required to submit to the Legislature, by December 1, 2012, a study of direct practices. This study must include an analysis of the extent to which direct practices:

- improve or reduce access to primary health care services;
- provide adequate protection for consumers;
- increase premium costs for individuals covered through traditional health insurance;
- impact a health carrier's ability to meet network adequacy standards; and
- cover a population different from that covered through traditional health insurance.

The study must also examine the extent to which participation in a direct practice maintains health coverage for conditions not covered by the direct practice. The Commissioner must make recommendations to the Legislature on whether direct practice authority should be continued, modified, or repealed.

Summary of Bill:

The requirement is repealed for the Commissioner to submit a 2012 study on direct practices to the Legislature.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The 2010 direct practice participation report shows that about 10,500 patients are enrolled state-wide in direct practices, and there have not been any complaints from patients

or bankruptcies by direct practices. It is not clear how these practices fit with the federal Affordable Care Act, so the information in the report will not likely be particularly relevant. There are few sources of information to support the topics required in the study. There may be privacy concerns about the information, and the OIC does not have authority to obtain the needed information. The money spent on the study could be better spent on other purposes.

(Opposed) Direct practices are growing and playing an expanded role in health care. As they grow, it is important to understand the impact they are having on the health care system. The topics in the study are worthy topics that address pertinent questions about the impact of direct practices on the health insurance market. For example, what is the impact on care for Medicaid patients, and others, who are not served by direct practices? Direct practices generally involve internists and other primary care providers, and there is expected to be a greater scarcity of primary care providers in the future. This study will provide valuable insight into direct practices, and it does not cost anything to the state because insurance carriers cover the costs through their fees.

Persons Testifying: (In support) Drew Bouton, Office of the Insurance Commissioner.

(Opposed) Sydney Zvara, Association of Washington Healthcare Plans.

Persons Signed In To Testify But Not Testifying: None.