

# HOUSE BILL REPORT

## ESHB 1480

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**As Passed House:**  
March 5, 2013

**Title:** An act relating to providing prescription drugs by direct practice providers.

**Brief Description:** Concerning the provision of prescription drugs by direct practice providers.

**Sponsors:** House Committee on Health Care & Wellness (originally sponsored by Representatives Green, Schmick, Cody, Harris and Jinkins).

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 2/8/13, 2/15/13 [DPS].

**Floor Activity:**

Passed House: 3/5/13, 97-0.

<p style="text-align: center;"><b>Brief Summary of Engrossed Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Allows a direct practice to pay for charges associated with the provision of prescription drugs.</li></ul>
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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Angel, Clibborn, Green, Harris, Manweller, Morrell, Riccelli, Ross, Short, Tharinger and Van De Wege.

**Staff:** Jim Morishima (786-7191).

**Background:**

A direct practice is a provider, group of providers, or entity that:

- charges a fee (known as the "direct fee") for primary care services;
- provides only primary care;
- describes the services it provides and fees that it charges in written agreements with patients; and

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- does not bill insurance.

Direct practices are not considered insurance and are therefore exempt from most insurance laws.

A direct practice may not provide prescription drugs in consideration for the direct fee. However, a direct practice may charge an additional fee for medications that are specifically excluded under the patient's agreement with the practice; the direct practice must notify the patient of the additional charge prior to delivery of the medications.

A direct practice may pay for charges associated with lab and imaging services. Payments for lab and imaging services may not exceed 15 percent of the direct fee charged to the patient, except in cases of short-term equipment failure.

**Summary of Engrossed Substitute Bill:**

A direct practice may pay for charges associated with the dispensing, at no additional cost to the direct patient, of an initial supply of generic prescription drugs prescribed by the direct provider. The initial supply may not exceed 30 days. In aggregate, payments for prescription drugs and lab and imaging services may not exceed 15 percent of the direct fee charged to the patient.

**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) Direct practices use a medical home model with small patient panels. The physicians are available and accessible to patients; direct practices want their patients to use their care a lot. Direct practices want to provide an initial supply of generic drugs as part of the direct fee, which is currently prohibited by statute. This bill will allow direct practices to provide such medications.

(With concerns) This bill should be clarified to ensure that it is not inadvertently creating a pharmacy benefit, which would move direct practices beyond their statutory limits.

(Opposed) None.

**Persons Testifying:** (In support) Representative Green, prime sponsor; and Lisa Thatcher, Qliance.

(With concerns) Drew Bouton, Office of the Insurance Commissioner.

**Persons Signed In To Testify But Not Testifying:** None.