

MINUTES
HOUSE HEALTH & WELFARE COMMITTEE

DATE: Tuesday, March 24, 2015

TIME: 9:00 A.M.

PLACE: Room EW20

MEMBERS: Chairman Wood, Vice Chairman Packer, Representatives Hixon, Perry, Romrell, Vander Woude, Beyeler, Redman, Troy, Rusche, Chew

**ABSENT/
EXCUSED:** Representative Vander Woude

GUESTS: Brian Crownover, MD; Ken McClure, IMA; Andrea Axtell, MD, Alliance; Bill Roden, Select Health; Suzanne Budge, SBS Assoc.; Tom Donovan, DOI; Rep. Tom Trail and Lee Flinn, AARP Idaho; Julie Taylor, BCI; Russ Hendrichs, Farm Bureau; Elizabeth Criner and Linda Swanstrom, ISDA; Kim Keller, Nampa Smiles Dental; John Watts, IPCA; Woody Richards, Willamette Dental.

Chairman Wood called the meeting to order at 9:00 a.m.

MOTION: **Vice Chairman Packer** made a motion to approve the minutes of the March 23, 2015, meeting. **Motion carried by voice vote.**

S 1062aa, aa: **Rep. Lynn Luker**, District 15, presented **S 1062aa, aa**, regarding direct medical care (DMC) agreements. This creates a different patient and primary care physician relationship to remove insurance oversight and promote personal responsibility. Idaho DMC providers already exist. Insurance companies offer wrap around policies in other states with this type of care model.

The new chapter, known as the Idaho Direct Primary Care Act, provides definitions for fees, agreements, care services, patients, patient representatives, and primary care providers. The basic contract provisions include termination of the agreement and advance payment refund. Insurance claims are not allowed and the agreement, not classified as insurance, is not subject to insurance regulation. Physicians are still subject to their professional regulation and responsibility. Any agreement must include a disclaimer that it does not provide health insurance coverage, satisfy applicable federal law coverage requirements, and recommend health care insurance is purchased. The agreements are transferable only with the consent of both parties. Contracts by other professionals or health care providers are not in violation of this chapter.

Sen. Steven Thayn, District 8, further presented **S 1062aa, aa**. Although DMC agreements have shown decreased downstream costs, insurance is still needed for catastrophic illnesses.

Responding to questions, **Sen. Thayn** explained any additional services would be covered by the patient's insurance plan. Although the Affordable Care Act (ACA) alludes to wrap around insurance policies, the Department of Health and Human Services (HHS) needs to develop rules, which are expected to occur this summer. A Washington provider study indicated reductions of 20% in medical care costs, 14% decreased Emergency Room (ER) visits, and 50% fewer hospital stays. Receipt of the contracted services does not apply to a patient's insurance deductible.

Dr. Brian Crownover, Physician, Treasure Valley Family Medicine, testified in support of **S 1062aa, aa**. Wrap around policies in other states are priced at 50% of the bronze or silver insurance plan cost and are directed at catastrophic coverage. His DMC agreements cover anything performed within his office. Lab tests, performed outside of his office, are paid for by his patients at a reduced, negotiated rate. DMCs are business contracts between two parties, which is similar to other contracts in other industries. This legislation clarifies the business contract and will stimulate insurance company policy review. HHS has already ruled that a DMC paired with a catastrophic policy meets their requirements. Other states have enacted or are contemplating the same legislation.

Responding to questions, **Dr. Crownover** said the time spent with a patient is usually based on the required care level and not specified in **S 1062aa, aa**. Monthly contract fees can range from \$50 to \$70 for adults and \$10 to \$20 for children. Contracts are available on his website and are written in plain English. Anyone with a dispute is encouraged to address it directly with him or the Board of Medicine.

Dr. Andrea Axtell, Internist, Owner, Primary Direct Care Clinic. Offering DMC has been reinvigorating because she is working directly for her patients, who actively evaluate the cost and treatment impact when pursuing a procedure. A recent survey showed primary care physicians are burning out and looking for a new avenue to provide care. This is that avenue.

Answering questions, **Dr. Axtell** stated magnetic resonance imaging (MRI), although covered by insurance, costs less than most deductibles, making it an out-of-pocket expense. Her contracts list everything she treats, when referrals occur, when additional charges may occur, and stipulates the contract is not insurance. Patients terminating their contract pay no penalty and receive 30-days of continued coverage.

Suzanne Budge, National Federation of Independent Businesses, testified in support of **S 1062aa, aa**, which is another option for people in the most challenging class of the insurance market.

Russ Hendricks, Idaho Farm Bureau, testified in support of **S 1062aa, aa**. This legislation assists in the development of direct patient care (DPC) and the offering of wrap around policies. This neither requires participation nor disadvantages any provider or patient.

Elizabeth Criner, Idaho State Dental Association (ISDA), testified in support of **S 1062aa, aa**. This is an additional tool for all patients and physicians, including dentists.

Dr. Kim Keller, Dentist, Nampa, ISDA, testified in support of **S 1062aa, aa**. Forty-five percent of his patients are uninsured, deferring regular visits due to the out-of-pocket costs. His patient contract has an annual fee of \$169 and offers specified cleanings, exams, and discounts on other services within his practice. Overwhelmingly supported by his community, the contract overcomes regular patient visit hurdles. Placing DPC control within the Department of Insurance authority would impact his decision to offer the service.

Responding to questions, **Dr. Keller** said dental insurance can cover 80% or 100% of basic services. Less than 1% of his patients have purchased their own insurance plan. His associates would provide the coverage, if he were unable to do so. Should his practice be sold, the contracts would be transferred to the purchaser.

John Watts, Idaho Primary Care Association, testified in support of **S 1062aa, aa**. This is good legislation and appropriate for DPC. The Community Health Centers (CHC) will be operating under the assumption that their employee doctors will be included when the CHC has legal authorization to provide the services.

MOTION: **Rep. Hixon** made a motion to send **S 1062aa, aa** to the floor with a **DO PASS** recommendation.

Rep. Hixon commented **in support** of the motion. People need patient/physician options without government intervention. Medical savings accounts can be used in conjunction with the DMCs to provide less expensive health care alternatives.

Ken McClure, Idaho Medical Association, testified **in support** of **S 1062aa, aa**. This is another tool to get the necessary care to Idahoans.

Norm Varin, Pacific Source Health Plans, was invited to answer a question. The challenge with a wrap around plan is to provide well defined insurance within the required filing time frame. Agreement or contract content standardization would be required.

For the record, no one else indicated their desire to testify.

Commenting **in support** of the motion were **Rep. Hixon, Rep. Rusche, and Rep. Romrell**. Wrap around insurance policies and easily readable agreements are important for these patients. Wrap around policies would also need to address the immunizations and preventive services required by other policies.

Chairman Wood commented **in opposition** to the motion. He expressed concern regarding the insurance and contract interface issue. Regulation for this existing niche market may actually be a constraint.

ROLL CALL VOTE: **Rep. Romrell** requested a roll call vote on **S 1062aa, aa**. **Motion carried by a vote of 9 AYE, 1 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Vice Chairman Packer, Reps. Hixon, Perry, Romrell, Beyeler, Redman, Troy, Rusche, Chew. Voting in opposition** to the motion: **Chairman Wood. Rep. Vander Woude was absent/excused. Rep. Luker** will sponsor the bill on the floor.

RS 23907: **Tom Trail**, Idaho Caregiver Alliance, Idaho AARP, presented **RS 23907** to request a statewide consortium to identify policies, resources, and programs available for unpaid family caregivers. The consortium, along with stakeholders, will also encourage additional innovative and creative means of support for this essential resource. The Idaho Commission on Aging and the Boise State University Center for the Study of Aging will lead the consortium. This action recognizes the importance of family caregivers and the unique opportunity to integrate this healthcare component into the State Healthcare Innovation Plan.

MOTION: **Vice Chairman Packer** made a motion to introduce **RS 23907** and recommend it be sent directly to the Second Reading Calendar. **Motion carried by voice vote. Rep. Troy** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:06 a.m.

Representative Wood
Chair

Irene Moore
Secretary