

Concierge Medicine

This Act declares that the state needs a multipronged approach to provide adequate health care to many citizens who lack adequate access to it. It states that direct patient-provider practices, in which patients enter into a direct relationship with medical practitioners and pay a fixed amount directly to the health care provider for primary care services, represent an innovative, affordable option which could improve access to medical care, reduce the number of people who now lack such access, and cut down on emergency room use for primary care purposes, thereby freeing up emergency room facilities to treat true emergencies.

The Act provides that a “health care service contractor” does not include direct patient-provider primary care practices. It provides that direct practices must submit annual statements to the office of insurance commissioner specifying the number of providers in each practice, total number of patients being served, providers’ names, and the business address for each direct practice. The form for the annual statement will be developed in a manner prescribed by the commissioner.

It directs the state insurance commissioner to submit a study of direct care practices to the appropriate committees of the senate and house of representatives. The Act requires the study to also examine the extent to which individuals and families participating in a direct care practice maintain health coverage for health conditions not covered by the direct care practice. It directs the commissioner to recommend to the legislature whether the statutory authority for direct care practices to operate should be continued, modified, or repealed.

Submitted as:

Washington

[Chapter 267, Laws of 2007](#)

Status: Enacted into law in 2007.

Suggested State Legislation

(Title, enacting clause, etc.)

- 1 Section 1. [*Short Title.*] An Act relating to innovative primary healthcare delivery.
2
- 3 Section 2. [*Findings.*]
4
- 5 Section 3. [*Definitions.*]
6 For the purposes of this chapter:
7 (1) “Health care services” means and includes medical, surgical, dental, chiropractic,
8 hospital, optometric, podiatric, pharmaceutical, ambulance, custodial, mental health, and other
9 therapeutic services.
10 (2) “Provider” means any health professional, hospital, or other institution, organization, or
11 person that furnishes health care services and is licensed to furnish such services.
12 (3) “Health care service contractor” means any corporation, cooperative group, or
13 association, which is sponsored by or otherwise intimately connected with a provider or group of
14 providers, who or which not otherwise being engaged in the insurance business, accepts prepayment
15 for health care services from or for the benefit of persons or groups of persons as consideration for
16 providing such persons with any health care services. “Health care service contractor” does not
17 include direct patient-provider primary care practices as defined in Section 4 this Act.

1 (4) "Participating provider" means a provider, who or which has contracted in writing with a
2 health care service contractor to accept payment from and to look solely to such contractor according
3 to the terms of the subscriber contract for any health care services rendered to a person who has
4 previously paid, or on whose behalf prepayment has been made, to such contractor for such services.

5 (5) "Enrolled participant" means a person or group of persons who have entered into a
6 contractual arrangement or on whose behalf a contractual arrangement has been entered into with a
7 health care service contractor to receive health care services.

8 (6) "Commissioner" means the insurance commissioner.

9 (7) "Uncovered expenditures" means the costs to the health care service contractor for health
10 care services that are the obligation of the health care service contractor for which an enrolled
11 participant would also be liable in the event of the health care service contractor's insolvency and
12 for which no alternative arrangements have been made as provided herein. The term does not include
13 expenditures for covered services when a provider has agreed not to bill the enrolled participant even
14 though the provider is not paid by the health care service contractor, or for services that are
15 guaranteed, insured or assumed by a person or organization other than the health care service
16 contractor.

17 (8) "Copayment" means an amount specified in a group or individual contract which is an
18 obligation of an enrolled participant for a specific service which is not fully prepaid.

19 (9) "Deductible" means the amount an enrolled participant is responsible to pay before the
20 health care service contractor begins to pay the costs associated with treatment.

21 (10) "Group contract" means a contract for health care services which by its terms limits
22 eligibility to members of a specific group. The group contract may include coverage for dependents.

23 (11) "Individual contract" means a contract for health care services issued to and covering an
24 individual. An individual contract may include dependents.

25 (12) "Carrier" means a health maintenance organization, an insurer, a health care service
26 contractor, or other entity responsible for the payment of benefits or provision of services under a
27 group or individual contract.

28 (13) "Replacement coverage" means the benefits provided by a succeeding carrier.

29 (14) "Insolvent" or "insolvency" means that the organization has been declared insolvent and
30 is placed under an order of liquidation by a court of competent jurisdiction.

31 (15) "Fully subordinated debt" means those debts that meet the requirements of [insert
32 citation] and are recorded as equity.

33 (16) "Net worth" means the excess of total admitted assets as defined in [insert citation] over
34 total liabilities but the liabilities shall not include fully subordinated debt.

35
36 Section 4. [*Direct patient provider primary care practices; related definitions.*]

37 The definitions in this section apply throughout this chapter unless the context clearly
38 requires otherwise.

39 (1) "Direct patient-provider primary care practice" and "direct practice" means a provider,
40 group, or entity that meets the following criteria in (a), (b), (c), and (d) of this subsection:

41 (a)(i) A health care provider who furnishes primary care services through a
42 direct agreement;

43 (ii) A group of health care providers who furnish primary care services
44 through a direct agreement; or

45 (iii) An entity that sponsors, employs, or is otherwise affiliated with a group
46 of health care providers who furnish only primary care services through a direct agreement, which
47 entity is wholly owned by the group of health care providers or is a nonprofit corporation exempt
48 from taxation under section 501(c)(3) of the internal revenue code, and is not otherwise regulated as
49 a health care service contractor, health maintenance organization, or disability insurer under [insert

1 citation]. Such entity is not prohibited from sponsoring, employing, or being otherwise affiliated
2 with other types of health care providers not engaged in a direct practice;

3 (b) Enters into direct agreements with direct patients or parents or legal guardians of
4 direct patients;

5 (c) Does not accept payment for health care services provided to direct patients from
6 any entity subject to regulation under [insert citation], plans administered under [insert citation]; and

7 (d) Does not provide, in consideration for the direct fee, services, procedures, or
8 supplies such as prescription drugs, hospitalization costs, major surgery, dialysis, high level
9 radiology (CT, MRI, PET scans or invasive radiology), rehabilitation services, procedures requiring
10 general anesthesia, or similar advanced procedures, services, or supplies.

11 (2) “Direct patient” means a person who is party to a direct agreement and is entitled to
12 receive primary care services under the direct agreement from the direct practice.

13 (3) “Direct fee” means a fee charged by a direct practice as consideration for being available
14 to provide and providing primary care services as specified in a direct agreement.

15 (4) “Direct agreement” means a written agreement entered into between a direct practice and
16 an individual direct patient, or the parent or legal guardian of the direct patient or a family of direct
17 patients, whereby the direct practice charges a direct fee as consideration for being available to
18 provide and providing primary care services to the individual direct patient. A direct agreement
19 must:

20 (a) describe the specific health care services the direct practice will provide; and

21 (b) be terminable at will upon written notice by the direct patient.

22 (5) “Health care provider” or “provider” means a person regulated under [insert citation] to
23 practice health or health-related services or otherwise practicing health care services in this state
24 consistent with state law.

25 (6) “Health carrier” or “carrier” has the same meaning as [insert citation].

26 (7) “Primary care” means routine health care services, including screening, assessment,
27 diagnosis, and treatment for the purpose of promotion of health, and detection and management of
28 disease or injury.

29 (8) “Network” means the group of participating providers and facilities providing health care
30 services to a particular health carrier's health plan or to plans administered under [insert citation].

31
32 Section 5. [*Limitations on direct practices.*]

33 Except as provided in section 8 of this act, no direct practice shall decline to accept any
34 person solely on account of race, religion, national origin, the presence of any sensory, mental, or
35 physical disability, education, economic status, or sexual orientation.

36
37 Section 6. [*Authorization to charge direct fees.*]

38 (1) A direct practice must charge a direct fee on a monthly basis. The fee must represent the
39 total amount due for all primary care services specified in the direct agreement and may be paid by
40 the direct patient or on his or her behalf by others.

41 (2) A direct practice must:

42 (a) Maintain appropriate accounts and provide data regarding payments made and
43 services received to direct patients upon request; and

44 (b) Either:

45 (i) Bill patients at the end of each monthly period; or

46 (ii) If the patient pays the monthly fee in advance, promptly refund to the
47 direct patient all unearned direct fees following receipt of written notice of termination of the direct
48 agreement from the direct patient. The amount of the direct fee considered earned shall be a
49 proration of the monthly fee as of the date the notice of termination is received.

1 (3) If the patient chooses to pay more than one monthly direct fee in advance, the funds must
2 be held in a trust account and paid to the direct practice as earned at the end of each month. Any
3 unearned direct fees held in trust following receipt of termination of the direct agreement shall be
4 promptly refunded to the direct patient. The amount of the direct fee earned shall be a proration of
5 the monthly fee for the then current month as of the date the notice of termination is received.

6 (4) The direct fee schedule applying to an existing direct patient may not be increased over
7 the annual negotiated amount more frequently than annually. A direct practice shall provide advance
8 notice to existing patients of any change within the fee schedule applying to those existing direct
9 patients. A direct practice shall provide at least sixty days' advance notice of any change in the fee.

10 (5) A direct practice must designate a contact person to receive and address any patient
11 complaints.

12 (6) Direct fees for comparable services within a direct practice shall not vary from patient to
13 patient based on health status or sex.

14
15 Section 7. [*Activities of direct practices.*]

16 (1) Direct practices may not:

17 (a) Enter into a participating provider contract as defined [insert citation] with any
18 carrier or with any carrier's contractor or subcontractor, or plans administered under [insert citation],
19 to provide health care services through a direct agreement except as set forth in subsection (2) of this
20 section;

21 (b) Submit a claim for payment to any carrier or any carrier's contractor or
22 subcontractor, or plans administered under [insert citation], for health care services provided to
23 direct patients as covered by their agreement;

24 (c) With respect to services provided through a direct agreement, be identified by a
25 carrier or any carrier's contractor or subcontractor, or plans administered under [insert citation] as a
26 participant in the carrier's or any carrier's contractor or subcontractor network for purposes of
27 determining network adequacy or being available for selection by an enrollee under a carrier's
28 benefit plan; or

29 (d) Pay for health care services covered by a direct agreement rendered to direct
30 patients by providers other than the providers in the direct practice or their employees, except as
31 described in subsection (2)(b) of this section.

32 (2) Direct practices and providers may:

33 (a) Enter into a participating provider contract as defined by [insert citation] and
34 48.46.020 or plans administered under [insert citation] for purposes other than payment of claims for
35 services provided to direct patients through a direct agreement. Such providers shall be subject to all
36 other provisions of the participating provider contract applicable to participating providers including
37 but not limited to the right to:

38 (i) Make referrals to other participating providers;

39 (ii) Admit the carrier's members to participating hospitals and other health
40 care facilities;

41 (iii) Prescribe prescription drugs; and

42 (iv) Implement other customary provisions of the contract not dealing with
43 reimbursement of services;

44 (b) Pay for charges associated with the provision of routine lab and imaging services
45 provided in connection with wellness physical examinations. In aggregate such payments per year
46 per direct patient are not to exceed fifteen percent of the total annual direct fee charged that direct
47 patient. Exceptions to this limitation may occur in the event of short-term equipment failure if such
48 failure prevents the provision of care that should not be delayed; and

1 (c) Charge an additional fee to direct patients for supplies, medications, and specific
2 vaccines provided to direct patients that are specifically excluded under the agreement, provided the
3 direct practice notifies the direct patient of the additional charge, prior to their administration or
4 delivery.
5

6 Section 8. [*Declining patients and discontinuing care.*]

7 (1) Direct practices may not decline to accept new direct patients or discontinue care to
8 existing patients solely because of the patient's health status. A direct practice may decline to accept
9 a patient if the practice has reached its maximum capacity, or if the patient's medical condition is
10 such that the provider is unable to provide the appropriate level and type of health care services in
11 the direct practice. So long as the direct practice provides the patient notice and opportunity to obtain
12 care from another physician, the direct practice may discontinue care for direct patients if:

13 (a) The patient fails to pay the direct fee under the terms required by the direct
14 agreement;

15 (b) the patient has performed an act that constitutes fraud;

16 (c) the patient repeatedly fails to comply with the recommended treatment plan;

17 (d) the patient is abusive and presents an emotional or physical danger to the staff or
18 other patients of the direct practice; or

19 (e) the direct practice discontinues operation as a direct practice.

20 (2) Direct practices may accept payment of direct fees directly or indirectly from non-
21 employer third parties.
22

23 Section 9. [*Prohibitions on deceptive and false advertising.*]

24 A person shall not make, publish, or disseminate any false, deceptive, or misleading
25 representation or advertising in the conduct of the business of a direct practice, or relative to the
26 business of a direct practice.
27

28 Section 10. [*Terms of agreements.*]

29 A person shall not make, issue, or circulate, or cause to be made, issued, or circulated, a
30 misrepresentation of the terms of any direct agreement, or the benefits or advantages promised
31 thereby, or use the name or title of any direct agreement misrepresenting the nature thereof.
32

33 Section 11. [*Submission of annual statements.*]

34 (1) Direct practices must submit annual statements, beginning on [insert date], to the office of
35 insurance commissioner specifying the number of providers in each practice, total number of
36 patients being served, the average direct fee being charged, providers' names, and the business
37 address for each direct practice. The form and content for the annual statement must be developed in
38 a manner prescribed by the commissioner.

39 (2) A health care provider may not act as, or hold himself or herself out to be, a direct
40 practice in this state, nor may a direct agreement be entered into with a direct patient in this state,
41 unless the provider submits the annual statement in subsection (1) of this section to the
42 commissioner.

43 (3) The commissioner shall report annually to the legislature on direct practices including,
44 but not limited to, participation trends, complaints received, voluntary data reported by the direct
45 practices, and any necessary modifications to this chapter. The initial report shall be due [insert
46 date].
47

48 Section 12. [*Disclaimer requirements.*]

1 (1) A direct agreement must include the following disclaimer: “This agreement does not
2 provide comprehensive health insurance coverage. It provides only the health care services
3 specifically described.” The direct agreement may not be sold to a group and may not be entered
4 with a group of subscribers. It must be an agreement between a direct practice and an individual
5 direct patient. Nothing prohibits the presentation of marketing materials to groups of potential
6 subscribers or their representatives.

7 (2) A comprehensive disclosure statement shall be distributed to all direct patients with their
8 participation forms. Such disclosure must inform the direct patients of their financial rights and
9 responsibilities to the direct practice as provided for in this chapter, encourage that direct patients
10 obtain and maintain insurance for services not provided by the direct practice, and state that the
11 direct practice will not bill a carrier for services covered under the direct agreement. The disclosure
12 statement shall include contact information for the office of the insurance commissioner.

13
14 Section 13. [*Study of direct care practices.*]

15 By [insert date], the commissioner shall submit a study of direct care practices to the
16 appropriate committees of the senate and House of Representatives. The study shall include an
17 analysis of the extent to which direct care practices:

18 (1) Improve or reduce access to primary health care services by recipients of Medicare and
19 Medicaid, individuals with private health insurance, and the uninsured;

20 (2) Provide adequate protection for consumers from practice bankruptcy, practice decisions
21 to drop participants, or health conditions not covered by direct care practices;

22 (3) Increase premium costs for individuals who have health coverage through traditional
23 health insurance;

24 (4) Have an impact on a health carrier's ability to meet network adequacy standards set by the
25 commissioner or state health purchasing agencies; and

26 (5) Cover a population that is different from individuals covered through traditional health
27 insurance.

28 The study shall also examine the extent to which individuals and families participating in a
29 direct care practice maintain health coverage for health conditions not covered by the direct care
30 practice. The commissioner shall recommend to the legislature whether the statutory authority for
31 direct care practices to operate should be continued, modified, or repealed.

32
33 Section 14. [*Severability.*] Insert severability clause.

34
35 Section 15. [*Repealer.*] Insert repealer clause.

36
37 Section 16. [*Effective Date.*] Insert effective date.