

Direct health care practices in Washington

Annual report to the Legislature
December 1, 2018

Mike Kreidler, *Insurance Commissioner*
www.insurance.wa.gov

Table of contents

| | |
|--|-----------|
| Direct health care practices in Washington | 1 |
| Executive summary | 3 |
| Participation trends in fiscal year 2018..... | 3 |
| Background | 5 |
| Annual reports..... | 5 |
| Definition of direct practices in Washington..... | 6 |
| 2018 direct practice information | 8 |
| Table 1. Data summary | 8 |
| Locations | 10 |
| Participation in fiscal year 2018..... | 13 |
| Fees in fiscal year 2018..... | 14 |
| Affordability of direct practices | 14 |
| Table 2. Changes in practice census over time, based on monthly fee | 15 |
| Direct practices and the insurance market..... | 15 |
| How direct practices evolved | 17 |
| Federal health care reform | 17 |
| Washington state’s Exchange legislation..... | 18 |
| The future of direct practices | 19 |
| How do direct practices operate under the ACA?..... | 19 |
| How does the ACA affect consumers who have existing direct practice agreements? | 19 |
| Nothing in federal health care reform bars direct practice arrangements from operating outside the Exchange..... | 20 |
| Recommendations for legislative modifications | 20 |
| APPENDIX A: Annual survey questions | 21 |
| APPENDIX B: Direct practices addresses and websites | 23 |
| APPENDIX C: Voluntary information statistics | 28 |

Executive summary

In 2007, the Washington State Legislature enacted Engrossed Second Substitute Senate Bill 5958, which is codified as RCW 48.150. This bill created an innovative primary health care delivery option called direct practices.

The bill requires the Office of the Insurance Commissioner (OIC) to report annually to the Legislature on direct health care practices. Under RCW 48.150.100(3), this includes but is not limited to “participation trends, complaints received, voluntary data reported by the direct practices and any necessary modifications to this chapter.”

In a direct health care practice, a health care provider charges a patient a set monthly fee for all primary care services provided in the office, regardless of the number of visits. No insurance plan is involved, although patients may have separate insurance coverage for more costly medical services. Direct practices are sometimes called retainer or concierge practices.

The 2018 annual report on direct patient-provider primary care practices analyzes two fiscal years of annual statements:

- **Fiscal year 2017:** July 1, 2016 through June 30, 2017.
- **Fiscal year 2018:** July 1, 2017 through June 30, 2018.

Participation trends in fiscal year 2018

- There were approximately 18,268 direct practice patients out of 7.4 million Washington state residents¹, 0.24 percent of the population.
- Overall patient participation increased 23% to 18,268, from the fiscal year 2017 total of 14,790 patients, an increase of 3,478 patients.
- The number of practices registered with the OIC increased from 40 in 2017 to 41 in 2018.
- Based on the direct practices that completed the OIC survey in 2017 and 2018, fees changed in the following ways:
 - 16 direct practices did not change their fees.
 - Five direct practices decreased fees.
 - 11 direct practices increased fees.

Complaints received: The OIC’s consumer advocacy team did not receive any formal or informal complaints regarding direct patient practices.

¹ As reported by the U.S. Census Bureau

Voluntary data reported by direct practices: While all of the registered practices responded to the mandatory questions, a number of the direct practices did not respond to all of the voluntary questions.² Some said they do not collect this information, and others simply did not respond to the supplementary questions.

Necessary modification to chapter: The survey contains mandatory questions that providers are required to answer and voluntary questions that providers are not required to answer. In most survey years, the providers do not answer the voluntary questions. As a result, it is difficult for the OIC to monitor for compliance with Chapter 48.150 RCW without the relevant information concerning the practices. For example:

- RCW 48.150.020 prohibits discrimination by direct providers. However, the questions that seek information about the possibility of discrimination in practices are voluntary and are most often left blank.
- Additionally, RCW 48.150.050 prohibits direct practices from establishing a direct practice agreement with employers, but the questions directed at ascertaining compliance with this provision are voluntary.

There is no practical means for the OIC to monitor direct practices for compliance with Chapter 48.150 RCW. Therefore, the Insurance Commissioner recommends requiring direct practices to answer all of the annual survey questions.

² See Appendix C for details.

Background

In 2007, the Washington Legislature enacted a law to encourage innovative arrangements between patients and providers and to promote access to medical care for all citizens.

Engrossed Substitute Senate Bill 5958, known as the direct patient-provider primary health care bill and codified as Chapter 48.150 RCW, identified direct practices as “a means of encouraging innovative arrangements between patients and providers and to help provide all citizens with a medical home.”

Prior to the passage of this law, the OIC said that health care providers engaged in direct patient practices were subject to existing state law governing health care service contractors. However, due to the limited nature of the business model, the agency recognized that imposing the full scope of regulation under this law was not practical or justified.

The 2007 law specifically says that direct practices operate under the safe harbor created by RCW 48.150 and are not insurers, health carriers, health care service contractors or health maintenance organizations as defined in RCW Title 48. As such, they operate without having to meet certain responsibilities that are required for insurers, including but not limited to financial solvency, capital maintenance, market conduct, and reserve and filing requirements. As a result, the OIC’s regulatory authority over these practices is extremely limited.

During the 2014 legislative session, the Legislature passed ESSB 1480. This bill amends RCW 48.150.040 to allow direct practices to dispense an initial supply of generic prescription drugs if the supply does not exceed 30 days and does not involve an additional cost to the patient.

The OIC’s regulatory role over direct practices is limited to registering them and collecting the survey information from them each year, which it submits in a report to the Legislature by December 1.

Annual reports

State law requires direct practices to submit annual statements to the OIC by October 1 that include:

- The number of providers in each practice.
- The total number of patients.
- The average direct practice fee.
- Names of direct practice providers.
- Business addresses.

The Legislature did not give the OIC rulemaking authority over direct practices. However, the OIC has the authority to tell direct practices how to submit the statements, what format to follow in submitting statements, and what data to include.

The information that the OIC submits to the Legislature must include:

- Participation trends.
- Complaints the OIC has received.
- Voluntary data that direct practices have reported.
- Any modifications to the chapter that the OIC recommends are necessary.

Definition of direct practices in Washington

Direct patient-provider primary care practices (direct practices) also are called retainer medicine or concierge medicine. Washington defines direct practices (RCW 48.150.010) as a provider that:

- Charges fees for providing primary care services.
- Offers only primary care services.
- Enters into a written agreement with patients describing the services and fees.
- Does not bill insurance to pay for any of the patient's primary care services.

A direct practice is a model of care in which physicians charge a predetermined, fixed monthly fee to patients for all primary care services provided in their offices, regardless of the number of visits. RCW 48.150.010(8) defines primary care services as routine health care services, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury.

Direct practices cannot market or sell to employer groups.

In 2009, the Legislature made minor modifications to the legislation. The modifications allow direct practices to accept a direct fee paid by an employer on behalf of an employee who is a patient. However, the law still prohibits employers from entering into coverage agreements with direct practices.

Physicians who provide direct care say their practices serve fewer patients than conventional practices, and give patients more time during office visits to ask questions and receive explanations regarding medical care. Some direct practices offer additional services, such as same-day appointments, extended business hours, home visits and 24-hour emergency physician availability.

Direct practices are not:

- **Comprehensive health care coverage.** Under RCW 48.150.010(4)(d), direct practice services must not include more than an initial 30-day supply of prescription drugs, hospitalization, major surgery, dialysis, high-level radiology, rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services or supplies. In fact, RCW 48.150.110(1) requires direct practice agreements to contain this disclaimer: "This agreement does not provide comprehensive health insurance coverage. It provides only the health care services specifically described."

- **Access fee models.** Some practices in Washington offer a variety of amenities in return for an access fee. Most of these providers offer amenities such as “improved” access through some type of same-day office visits, email or telephone consultation, 24/7 contact by pager or cell phone, lifestyle planning, special tracking and follow-up. These amenities are in addition to an underlying health care agreement and can only apply to non-covered services.
- **Discount health plans.** Discount health plans are membership organizations that charge a fee for access to a list of providers who offer discounted health care services or products.
- **Cash-only or fee-for-service practices.** Cash-only practices do not charge a monthly fee. These practices charge patients for non-emergency services on an as-needed basis. Many insurance plans reimburse these providers at the out-of-network rate.

2018 direct practice information

Direct practices have been filing annual statements with the OIC since October 2007. For the 2018 report, the OIC sent the survey to the direct practices in September 2017. The survey collects the mandatory information that state law requires and asks several voluntary questions.

This report compares data from two fiscal years of annual statements:

- **Fiscal year 2017:** July 1, 2016 – June 30, 2017
- **Fiscal year 2018:** July 1, 2017 – June 30, 2018

Information for prior years is available [on the OIC's website](#).

Table 1. Data summary

| Practice name and location | # of patients | # of patients | Monthly fee FY 2017 | Monthly fee FY 2018 |
|--|--------------------------------|---------------------------|--------------------------------|----------------------------------|
| Affordable Access/ Part of Snoqualmie Hospital - Snoqualmie | Did not respond to 2017 survey | 117 | Did not respond to 2017 survey | \$40 |
| Anchor Medical Clinic - Mukilteo | 140 | 150 | \$99 | \$100 |
| Assurance Healthcare & Counseling Center - Yakima | 863 | 863 | \$75 | \$75 |
| Bellevue Medical Partners - Bellevue | 580 | 560 | \$180 | \$185 |
| BlissMD - Seattle | 398 | 369 | \$174.30 | \$174.30 |
| CARE Medical Associates - Bellevue | 295 | 288 | \$122.39 | \$123.36 |
| The Charis Clinic - Edmonds | 11 | 3 | \$59 | \$69 |
| Coho Medical Group - Bellevue | 80 | 105 | \$59 | \$69 |
| Cosmas Primary Care, P.S. - Tacoma | New in 2018 | 68 | New in 2018 | \$82.50 |
| Edmonds Health Clinic - Edmonds | 12 | 27 | \$95 | \$95 |
| Family Care of Kent - Kent | New in 2017 | 1500 | New in 2017 | \$60 |
| Family Care of Spokane - Spokane | New in 2018 | 165 | New in 2018 | \$68.55 |
| GoodMed Direct Primary Care - Seattle | 196 | 305 | \$55 | \$50 |
| Guardian Family Care - Mill Creek | 278 | 255 | \$94 | \$107.50 |
| Jared Hendler, M.D. - Bainbridge Island | 95 | 89 | \$195.11 | \$247 |
| Heritage Family Medicine - Olympia | 12 | Did not respond to survey | 62 | Did not respond to survey |

| Practice name and location | # of patients | # of patients | Monthly fee FY 2017 | Monthly fee FY 2018 |
|--|---------------|---------------|---------------------|---------------------|
| Hudson's Bay Medical Group - Vancouver | 9 | 11 | \$60 | \$60 |
| Lacamas Medical Group - Camas | 118 | 145 | \$70 | \$60 |
| Lissa Lubinski MD - Port Angeles | 13 | 124 | \$42 | \$42 |
| The Manette Clinic - Bremerton | 578 | 587 | \$67.46 | \$67.46 |
| MD ² Bellevue | 198 | 199 | \$1079.67 | \$1082.40 |
| MD ² Seattle | 233 | 230 | \$942.03 | \$955.83 |
| Office of Michael Jackson - University Place | New in 2017 | 1 | New in 2017 | \$60 |
| Oodle Family Medicine - Renton | New in 2018 | 61 | New in 2018 | \$45 |
| Paladina Health - Federal Way, Puyallup, Tacoma, Vancouver | 2779 | 2209 | \$69 | \$69 |
| Patient Direct Care - Battle Ground | 923 | 2300 | \$75 | \$42 |
| PeaceHealth Medical Group - Vancouver | 26 | 27 | \$82.33 | \$85 |
| Pier View Chiropractic - Normandy Park | 206 | 145 | \$95.50 | \$95.50 |
| RediMedi Clinic - Wenatchee | 460 | 635 | \$50 | \$50 |
| Ridgefield Family Medicine - Ridgefield | 85 | 53 | \$60 | \$60 |
| Seattle Medical Associates - Seattle | 3003 | 3113 | \$139 | \$137 |
| Seattle Premier Health - Seattle | 472 | 526 | \$208 | \$208.33 |
| Sound Clinical Medicine - Gig Harbor | 0 | 8 | \$60 | \$60 |
| Sound Medicine and Wellness - Seattle | New in 2018 | 50 | New in 2018 | \$200 |
| Swedish Ballard Family Medicine Clinic - Seattle | 46 | 36 | \$55 | \$55 |
| Total Care Clinics - Kennewick | 30 | 59 | \$60 | \$60 |
| True North Health Services - Spokane | 4 | 6 | \$65 | \$65 |
| Urgent Medical Center - Vancouver | 33 | 10 | \$60 | \$60 |
| Vantage Physicians - Olympia | 734 | 792 | \$95 | \$93.40 |
| Vintage Direct Primary Care - Poulsbo | 664 | 907 | \$62.63 | \$62.63 |
| Washington Park Direct Care - Centralia | 960 | 1032 | \$49 | \$49 |
| Wise Patient Internal Medicine - Seattle | 81 | 138 | \$50 | \$100 |
| Total number of patients in all direct practices | 14,790 | 15,813 | | |

Locations

In 2018, 41 direct practices were in business.

- Four direct practices opened and/or began reporting to the OIC:
 - Cosmas Primary Care, P.S.
 - Family Care of Spokane
 - Oodle Family Medicine
 - Sound Medicine and Wellness
- Three clinics reported they no longer provide direct practice services:
 - Donald F. Condon, M.D.
 - O'Connor Family Medicine
 - Salmon Creek Family Practice

Direct practices operate in 12 Washington counties:

Benton

- Total Care Clinics

Clallam

- Lissa Lubinski MD

Clark

- Hudson's Bay Medical Group
- Lacamas Medical Group
- Patient Direct Care
- PeaceHealth Medical Group
- Ridgefield Family Practice
- Urgent Medical Center

Douglas

- RediMedi Clinic

King

- Affordable Access
- Bellevue Medical Partners
- BlissMD
- Care Medical Associates

- Coho Medical Group
- Family Care of Kent
- GoodMed Direct Primary Care
- MD²
- Oodle Family Medicine
- Pier View Chiropractic
- Seattle Medical Associates
- Seattle Premier Health
- Sound Medicine and Wellness
- Swedish Ballard Family Medicine Clinic
- Wise Patient Internal Medicine

Kitsap

- Jared Hendler, MD
- The Manette Clinic
- Vintage Direct Primary Care

Lewis

- Washington Park Direct Care

Pierce

- Office of Michael Jackson
- Paladina Health
- Sound Clinical Medicine
- Cosmas Primary Care, P.S.

Snohomish

- Anchor Medical Clinic
- The Charis Clinic
- Edmonds Health Clinic
- Guardian Family Care

Spokane

- Family Care of Spokane
- True North Health Services

Thurston

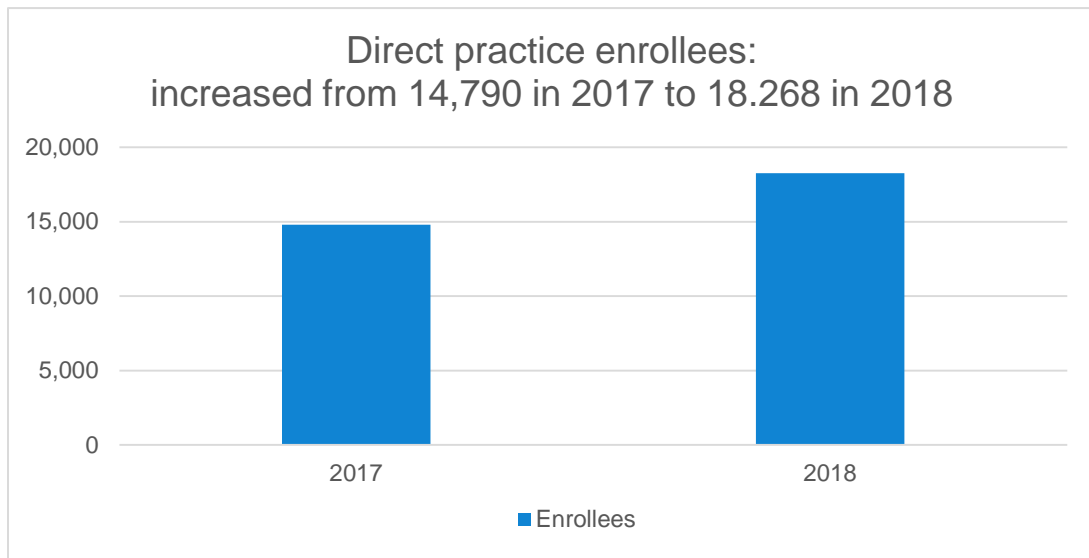
- Heritage Family Medicine
- Vantage Physicians

Yakima

- Assurance Healthcare

Participation in fiscal year 2018

- Enrollment increased at 24 direct practice clinics.
 - There were 14,790 total enrollees in fiscal year 2017 and 18,268 enrollees in fiscal year 2018, an increase of 3,478 enrollees, or 23 percent.
 - One clinic, Patient Direct Care, experienced an enrollment increase of 1,377 patients. It grew from 923 patients in 2017 to 2,300 patients in 2018, a 149 percent increase.
 - Twenty-four clinics reported a total of 3,478 new patients, gaining as few as one patient (Office of Michael Jackson and PeaceHealth Medical) to as many as 1,377 patients (Patient Direct Care).



- Eleven clinics reported a total decrease of 771 patients.
- Nine direct practices voluntarily reported that they participate as in-network providers in a health insurance network in 2018. This is a significant change since 2007, when all direct practices reported that they performed direct-patient provider primary care practices exclusively, and were not included in any health insurance networks.
- Twenty-seven of the practices voluntarily reported the percentage of their business that is direct practice.
 - One practice reported less than 10 percent of its business is direct practice.
 - Four practices reported that less than 5 percent of their business is direct practice.

Fees in fiscal year 2018

- Fees at 16 of the 41 direct practices remained the same as last year.
- Eleven direct practices increased their monthly fees.
 - Seven practices increased their fees by \$5 per month or more.
 - The highest increase was Jared Hendler, M.D., which raised its fees by \$51.89 per month.
- Five direct practices decreased their fees by \$1 to \$20 per month.
- The average monthly fee decreased from \$154.65 in fiscal year 2017 to \$133.43 in fiscal year 2018. Two of the new direct practices for 2018 charge a monthly fee of \$60, and a number of existing practices reduced their fees.
 - The highest monthly fee is \$1,0782.40 at MD² Bellevue.
 - The lowest monthly fee is \$42 at Lissa Lubinski MD and at Patient Direct Care.
- New direct practices' monthly fees range from \$45 (Oodle Family Medicine) to \$200 (Sound Medicine and Wellness).

Affordability of direct practices

A key assumption underlying the legislation was that direct practices could provide affordable access to primary services. In theory, this would reduce pressure on the health care safety net or relieve problems caused by a shortage of primary care physicians, and possibly reduce emergency room use.

Monthly fees at direct practices vary from \$42 to over \$1,000.

- Patients at seven direct practices pay between \$100 and \$200 per month.
- Patients at 28 direct practices pay \$100 or less
- Patients at three direct practices pay more than \$200 per month.

The OIC does not collect data regarding the affordability of the fees for direct practice patients.

Table 2. Changes in practice census over time, based on monthly fee

| Monthly fee | \$ 50 or less | \$51 - \$75 | \$76 - \$100 | \$101 - \$200 | \$201 + |
|--------------------------|---------------|-------------|--------------|---------------|---------|
| FY 2018 patients | 4,574 | 6,668 | 1347 | 4,585 | 532 |
| FY 2018 practices | 4 | 17 | 7 | 5 | 3 |
| FY 2017 patients | 2,556 | 5,336 | 1,348 | 4,554 | 996 |
| FY 2017 practices | 6 | 18 | 7 | 5 | 3 |
| FY 2016 patients | 1511 | 2581 | 2167 | 4151 | 862 |
| FY 2016 practices | 8 | 8 | 6 | 6 | 2 |
| FY 2015 patients | 1519 | 2651 | 2737 | 3757 | 840 |
| FY 2015 practices | 10 | 10 | 6 | 6 | 3 |

Direct practices and the insurance market

The OIC survey asks direct practices if they collect information about patients’ other health plans when they enroll. For 2018, 20 of the 41 direct practices that responded said they collect this information.

According to the 20 practices that responded, the number of direct practice clients who are uninsured are:

- **Fiscal year 2018:** 317 enrollees, or 1.7 percent.
- **Fiscal year 2017:** 450 enrollees, or 3 percent.

Under state law, direct practices cannot bill insurers for primary care services. As a result, if direct practice patients have private insurance, it makes sense for them to buy a high-deductible health plan, also called a catastrophic plan.

The number of direct practice patients who have private insurance (not Medicare or Medicaid):

- **Fiscal year 2018:** 13 direct practices reported 4,375 patients had private insurance, or 23 percent.
- **Fiscal year 2017:** 13 direct practices reported 5,677 patients had private insurance, or 38 percent.

Thirteen direct practices reported the Medicare enrollment:

- **Fiscal year 2018:** 1,514 patients or 8 percent.
- **Fiscal year 2017:** 2,708 patients or 18 percent.

Thirteen direct practices reported Medicaid enrollment:

- **Fiscal year 2018:** 214 patients or 1 percent.
- **Fiscal year 2017:** 196 patients or 1 percent.

How direct practices evolved

Washington state is the birthplace of direct practices. The origins of this approach are often traced to a practice called MD² that opened in 1996.

Since then:

- The American Medical Association and the American Academy of Family Physicians have established ethical and practice guidelines for direct practices.
- In 2003, the federal establishment of Health Savings Accounts (HSA) promoted consumer-directed medicine, which includes direct practices.
- In 2003, the Society for Innovative Medical Practice Design formed, representing direct practice physicians (its initial name was the American Society of Concierge Physicians).
- In 2004, the federal Office of the Inspector General for the Department of Health and Human Services warned practices about “double dipping,” and began taking enforcement steps against physicians who charged Medicare beneficiaries extra fees for already covered services, such as coordination of care with other health care providers, preventative services and annual screening tests. The practices were referred to under various names: concierge, retainer, or platinum practices.
- In 2005, the U.S. Government Accountability Office issued [a](#) report called “[Physician Services: Concierge Care Characteristics and Considerations for Medicare](#).” At the time, there were 112 “concierge physicians” nationwide who charged annual fees ranging from \$60 to \$15,000.
- In 2006, Washington state’s Insurance Commissioner determined that retainer practices are insurance. West Virginia’s Commissioner made the same ruling in 2006.
- In 2007, Washington became the first state to define and regulate direct patient primary care practices and to prohibit direct practice providers from billing insurance companies for services provided to patients under direct practice agreements.

Federal health care reform

On March 23, 2010, President Obama signed The Patient Protection and Affordable Care Act (PPACA), referred to as the Affordable Care Act (ACA). It required the development of health benefit exchanges, beginning in 2015, to help individuals and small businesses purchase health insurance and qualify for subsidies that are available only for plans that are sold through an exchange.

Under the ACA, an exchange cannot offer any plan that is not a qualified health plan, and each qualified health plan must meet requirement standards and provide an essential benefit package.

Essential health benefits include:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including dental and vision care

Since September 23, 2010, the ACA has required new health plans to eliminate cost-sharing requirements for evidence-based items or services that have an A or B rating from the United States Preventive Services Task Force.

Washington state's Exchange legislation

In 2013, the Washington Legislature passed E2SHB 2319, "An act relating to furthering state implementation of the health benefit exchange and related provisions of the affordable care act." This is called "The Exchange bill."

Section 8(3) of the bill, now codified as RCW 43.71.065(3), allows the Exchange Board to permit direct primary care medical home plans, consistent with section 1301 of the ACA, to be offered in the Exchange beginning on January 1, 2015.

Section 1301(a)(3) TREATMENT OF QUALIFIED DIRECT PRIMARY CARE MEDICAL HOME PLANS.

The Secretary of Health and Human Services shall permit a qualified health plan to provide coverage through a qualified direct primary care medical home plan that meets criteria established by the Secretary, so long as the qualified health plan meets all requirements that are otherwise applicable and the services covered by the medical home plan are coordinated with the entity offering the qualified health plan.

The future of direct practices

These statutory provisions raise questions about the direct practice model of care in the following areas:

How do direct practices operate under the ACA?

Direct practices are not insurers and are authorized to offer only primary care services to their patients - not comprehensive health care. Under the ACA, they are not qualified health plans eligible for sale through the Exchange.

The ACA does specify that a "qualified health plan" may provide coverage "through a qualified direct primary care medical home plan." As a result, a direct practice may contract with an insurer to provide primary care services in a carrier's qualified health plans.

How does the ACA affect consumers who have existing direct practice agreements?

The individual mandate responsibility provision of the ACA requires consumers to purchase health insurance that covers essential health benefits and emergency services. Direct practice agreements only provide primary care services. As such, they do not qualify as health insurance, so they do not meet the individual mandate requirement.

The Washington Health Benefit Exchange (Exchange) opened in late 2014 and began selling policies that were effective as early as January 1, 2015. Enrollment inside and outside of the Exchange for the individual market showed a dramatic increase, with approximately 51,000 more health insurance enrollees in 2016 than in 2014.

Consumers who purchase health plans through the Exchange receive numerous benefits:

- If they meet income requirements, they're eligible for subsidies or premium tax credits, which are not available outside of the Exchange. It's possible that consumers who receive these financial incentives might cancel their direct practice agreements.
- Exchange health plans cover essential health benefits (EHBs), including but not limited to preventive services and chronic disease management. If a consumer pays a direct practice instead of obtaining a health plan that covers EHBs, the consumer would only receive primary care, preventive services and chronic disease management services, and would have to pay out-of-pocket for any other medical services. Direct practices do not provide access to specialists or emergency care.
- Exchange plans set limits on the maximum out-of-pocket expenses that consumers are responsible for each year. Maximum out-of-pocket expenses include the annual deductible, copayments and coinsurance for high-deductible health plans (HDHP). Premiums do not count toward the maximum. Consumers' costs associated with a direct practice do not count as cost-

sharing expenses for the HDHP. For example, a direct practice provider is not an in-network provider and cannot bill health insurers regulated under chapter 48 RCW for health care services. A consumer would not benefit from direct practice monthly fees counting toward annual maximum out-of-pocket expense limits.

Nothing in federal health care reform bars direct practice arrangements from operating outside the Exchange.

There appears to be a market for exclusive direct practices that cater to wealthier consumers and offer more of a concierge model, as well as for consumers who can't buy health insurance on the Exchange, such as undocumented immigrants. In addition, some consumers simply join direct practices because they like the personal service, so these consumers will probably still continue to use direct practices.

Recommendations for legislative modifications

Washington is at the forefront of national regulation of direct care practices. Although direct care practices have not gained significant market share, they have expanded into 12 counties in the state.

The OIC's annual survey of direct practices contains mandatory questions that providers are required to answer and voluntary questions that providers are not required to answer. In most survey years, the providers do not answer the voluntary questions. As a result, it is difficult for the OIC to monitor for compliance with Chapter 48.150 RCW without the relevant information concerning the practices. For example:

- RCW 48.150.020 prohibits discrimination by direct providers. However, the questions that seek information about the possibility of discrimination in practices are voluntary and are most often left blank.
- Additionally, RCW 48.150.050 prohibits direct practices from establishing a direct practice agreement with employers, but the questions directed at ascertaining compliance with this provision are voluntary.

There is no practical means for the OIC to monitor direct practices for compliance with Chapter 48.150 RCW. Therefore, the Insurance Commissioner recommends requiring direct practices to answer all survey questions from the Commissioner.

APPENDIX A: Annual survey questions

This year, the OIC replaced its paper survey with an online survey to collect responses from direct practice providers. The questions are provided below.

| OFFICE OF THE INSURANCE COMMISSIONER DIRECT PRACTICE ANNUAL SURVEY – 2018 |
|---|
| Practice name: |
| Contact person for this survey: |
| Practice address: |
| Names of providers who provide direct practice care: |
| Name all affiliated or partner direct care providers if you are part of a group of direct care providers: |
| Total number of patients currently enrolled in your direct practice: |
| Total number of current direct practice patients who are children: |
| Total number of current direct practice patients who are adults: |
| Average monthly fee: |
| Average annual fee: |
| Describe all services provided as a part of your direct care agreement: |
| What is the name and contact information of your person designated to receive and address any patient complaints? |

| Voluntary questions |
|---|
| Some direct practices use multiple names, so it can be difficult for us to determine which one to use in our annual direct practice report. |

| | | | | | | | | |
|--|---------------|-------|---------------|-------|-------------------------------|-------|---------------|-------|
| If your direct practice uses multiple names, which name do you want our agency to use in our 2018 direct practice report? (To see the name that you asked us to use in 2017, please review the list of direct practices on the OIC website). | | | | | | | | |
| Do any of your clinic's direct practice providers participate as an in-network provider in a health carrier's network? | | | | | | | | |
| What percentage of your business is direct practice? | | | | | | | | |
| If your practice charges more than one fee, what are the differences in the fees and why? | | | | | | | | |
| Are you providing any care to groups of people, such as employer groups as a part of your direct practice? | | | | | | | | |
| Has the practice discontinued any patients? | | | | | | | | |
| If the practice has discontinued patients, how many patients has the direct practice discontinued? | | | | | | | | |
| If your practice has discontinued patients, what is the reason for discontinuation? | | | | | | | | |
| Has the direct practice declined to accept any patients? If yes, how many? If yes, what were the reasons for declining? | | | | | | | | |
| When a new patient signs a direct practice agreement, does your clinic collect information about other health coverage the patient may have? | | | | | | | | |
| If so, how many of your direct practice patients: <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Have Medicaid</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="padding-left: 20px;">Have Medicare</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="padding-left: 20px;">Have private health insurance</td> <td style="text-align: right;">_____</td> </tr> <tr> <td style="padding-left: 20px;">Are uninsured</td> <td style="text-align: right;">_____</td> </tr> </table> | Have Medicaid | _____ | Have Medicare | _____ | Have private health insurance | _____ | Are uninsured | _____ |
| Have Medicaid | _____ | | | | | | | |
| Have Medicare | _____ | | | | | | | |
| Have private health insurance | _____ | | | | | | | |
| Are uninsured | _____ | | | | | | | |

Before you complete the survey, please double-check to make sure you have attached:

The latest copy of your direct practice agreement, including fee structure, disclosure statement, and marketing materials, if applicable.

If you are experiencing difficulties attaching the materials or have any questions, please contact to the Office of the Insurance Commissioner's Policy Division at:

Email: policy@oic.wa.gov / Mail: PO Box 40260 / Olympia, WA 98504-0260 / Fax: (360) 586-3109

APPENDIX B: Direct practices addresses and websites

| Direct Practice | Address | Website |
|---|--|---|
| Affordable Access | 35020 SE Kinsey Street Snoqualmie, WA 98065 | http://www.snoqualmiehospital.org/ |
| Anchor Medical Clinic | 8227 44 th Avenue West, Suite E Mukilteo, WA 98275-2848 | http://www.anchormedicalclinic.com/ |
| Assurance Healthcare & Counseling Center | 1020 South 40 th Avenue, Suite A Yakima, WA 98908 | http://assurancehealth.org/ |
| Bellevue Medical Partners | 11711 NE 12th Street, Suite 2-B Bellevue, WA 98005 | http://www.bellevuemedicalpartners.com/ |
| BlissMD | 2914 East Madison, Suite 109 Seattle, WA 98112 | http://www.blissmd.com/ |
| CARE Medical Associates | 1407 116th Avenue NE, Suite 102 Bellevue, WA 98004 | http://www.cmadoc.com/ |
| The Charis Clinic | 23601 Highway 99, Suite A Edmonds, WA 98026 | http://charisclinic.com/ |
| Coho Medical Group | 1515 116th Avenue NE, Suite 201 Bellevue, WA 98004 | http://www.cohomedical.com/ |

| Direct Practice | Address | Website |
|------------------------------------|--|---|
| Cosmas Primary Care, P.S. | 2115 S. 56th St., Ste. 103 Tacoma, WA 98409 | http://cosmasprimarycare.com |
| Edmonds Health Clinic | 221 4th Avenue North Edmonds WA 98020 | http://edmondshealthclinic.com/ |
| Family Care of Kent | 10024 SE 240 th Street Kent, WA 98031 | http://familycareofkent.com/ |
| Family Care of Spokane | 9631 N Nevada St, Suite 202 Spokane, WA 99218 | http://www.doctorcondon.com/ |
| GoodMed Direct Primary Care | 6553 California Avenue SW, Suite A Seattle WA 98146 | http://goodmedclinic.com/ |
| Guardian Family Care, PLLC | 805 164th Street SE, Suite 100 Mill Creek, WA 98102 | http://www.guardianfamilycare.net/ |
| Jared Hendler, M.D. | 231 Madison Avenue South Bainbridge Island, WA 98110 | http://www.hendlermd.com/ |
| Heritage Family Medicine | 4001 Harrison Avenue N.W., Suite 101 Olympia, WA 98502 | http://www.heritagefamilymedicine.com/ |
| Hudson's Bay Medical Group | 100 East 33 rd Street Vancouver, WA 98663 | http://hudsonsbaymed.com/ |
| Lacamas Medical Group | 3240 NE 3rd Avenue Camas, WA 98607 | http://www.lacamasmedicalgroup.com/ |
| Lissa Lubinski MD | 816 East 8 th Street Port Angeles, WA 98326 | http://www.lissalubinskimd.com/ |

| Direct Practice | Address | Website |
|----------------------------------|--|---|
| The Manette Clinic | 1100 Wheaton Way Suite F and G Bremerton WA 98310 | http://themanetteclinic.com/ |
| MD² Bellevue | 1135 116th Avenue NE., Suite 610 Bellevue, WA 98004 | http://www.md2.com/ |
| MD² Seattle | 1101 Madison Street, Suite 1501 Seattle, WA 98104 | http://www.md2.com/ |
| Office of Michael Jackson | 5350 Orchard Street West, Suite 202 University Place, WA 98467 | No website |
| Oodle Familt Medicine | 401 Olympia Ave. NE, #305, Box #48 Renton, WA 98056 | http://oodlemd.com |
| Paladina Health | 1250 Pacific Avenue, Suite 110 Tacoma, WA 98402 | http://www.paladinahealth.com/individuals/ |
| Patient Direct Care | 209 East Main Street, Suite 121 Battle Ground, WA 98604 | http://www.ptdirectcare.com/ |
| PeaceHealth Medical Group | 16811 SE McGillivray Boulevard Vancouver, WA 98638 | https://www.peacehealth.org/ |
| Pier View Chiropractic | 19987 1 st Avenue South, Suite 102 Normandy Park, WA 98148 | https://www.pierviewchiropractic.com/ |

| Direct Practice | Address | Website |
|---|---|---|
| RediMedi Clinic | 230 Grant Road, Suite B-2 East Wenatchee, WA 98802 | http://www.theredimedclinic.com/ |
| Ridgefield Family Medicine | 8507 South 5 th Street Ridgefield, WA 98642 | http://ridgefieldfamilymedicine.com/ |
| Seattle Medical Associates | 1124 Columbia Street, Suite 620 Seattle, WA 98104 | http://www.seamedassoc.com/ |
| Seattle Premier Health | 1600 East Jefferson Street, Suite 115 Seattle, WA 98122 | http://www.seattlepremierhealth.com/ |
| Sound Clinical Medicine | 6718 144 th Street NW Gig Harbor, WA 98332 | https://www.soundclinicalmedicine.com/ |
| Sound Medicine and Wellness | 3216 NE 45th Place Seattle, WA 98105 | http://soundmedicineandwellness.com |
| Swedish Ballard Family Medicine Clinic | 1801 NW Market Street, Suite 403 Seattle, WA 98107 | http://www.swedish.org |
| Total Care Clinics | 1029 North Kellogg Street Kennewick, WA 99336 | https://www.totalcaretricity.com/ |
| True North Health Services | 5901 North Lidgerwood Street, Suite 21B Spokane, WA 99208 | http://tnhs1.com |
| Urgent Medical Center | 9430 NE Vancouver Mall Drive Vancouver, WA 98662 | No website |
| Vantage Physicians | 3703 Ensign Road NE, Suite 10A Olympia, WA 98506 | http://vantagephysicians.net/ |

| Direct Practice | Address | Website |
|---|---|---|
| Vintage Direct Primary Care | 19319 7th Avenue NE, Suite 114 Poulsbo, WA 98370 | http://vintagedpc.com/ |
| Washington Park Direct Care | 208 Centralia College Boulevard Centralia, WA 98531 | http://washingtonpark.md/ |
| Wise Patient Internal Medicine | 613 19th Avenue East, Suite 201 Seattle, WA 98112 | http://imwisepatient.com/ |

APPENDIX C: Voluntary information statistics

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|--|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Affordable Access | Yes | 2% | No | No | Yes | 0 | 0 | 3 | 0 |
| Anchor Medical Clinic | No responses provided | | | | | | | | |
| Assurance Counseling and Healthcare LLC | No | 100% | Yes | No | No | N/A | | | |
| Bellevue Medical Partners | No | 100% | Yes | Yes | Yes | 0 | 50 | 40 | 10 |
| BlissMD | No | 100% | No | Yes | Yes | 0 | 0 | 0 | 0 |
| CARE Medical Associates | No | NA | NA | Yes | Yes | 0 | 60 | 228 | 0 |
| The Charis Clinic | Yes | 1% | No | No | Yes | 0 | 0 | 0 | 3 |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|------------------------------------|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Coho Medical | Yes | 10-20% | Yes | No | NA | NA | | | |
| Cosmas Primary Care | Yes | 85% | Yes | No | Yes | 38 | 27 | 3 | 0 |
| Edmonds Health Clinic | No responses provided | | | | | | | | |
| Family Care of Kent | Yes | 1% | No | No | Yes | NA | | | |
| Family Care Spokane | Yes | 2.5% | Yes | No | No | NA | | | |
| GoodMed Direct Primary Care | No | 100% | No | No | No | NA | | | |
| Guardian Family Care | No | 100% | Yes | Yes | Yes | 58 | 12 | 120 | 42 |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|---|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Heritage Family Medicine | No responses provided | | | | | | | | |
| Hudsons Bay Medical Group | No responses provided | | | | | | | | |
| Jared Hendler, M.D. | No | 100% | No | Yes | Yes | 0 | 36 | 44 | 9 |
| Lacamas Medical | No responses provided | | | | | | | | |
| Lissa Lubinski MD | No | 90% | Yes | Yes | Yes | 10 | 22 | 77 | 5 |
| Manette Clinic | Yes | 60% | Yes | No | Yes | 51 | 398 | 408 | 100 |
| MD² Bellevue and MD² Seattle | No | 100% | No responses provided | | | | | | |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|----------------------------------|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Oodle Family Medicine | No | 100% | Yes | No | Yes | N/A | | | |
| Optimal Health Centers | No responses provided | | | | | | | | |
| Paladina Health | Yes | 100% | Yes | Yes | Yes | N/A | | | |
| Patient Direct Care | No | 100% | Yes | Yes | No | N/A | | | |
| PeaceHealth Medical Group | Yes | 100% | Yes | Yes | Yes | 0 | 0 | 5 | 22 |
| Pier View Chiropractic | No | 82% | Yes | No | Yes | NA | | | |
| RediMedi Clinic | No | 75% | No responses provided | | | | | | |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|------------------------------------|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Ridgefield Family Medicine | No responses provided | | | | | | | | |
| Seattle Medical Associates | No | 100% | NA | No | Yes | 0 | 524 | 2589 | 0 |
| Seattle Premier Health | Yes | 100% | No | No | Yes | 3 | 180 | 342 | NA |
| Sound Clinical Medicine | No responses provided | | | | | | | | |
| Sound Medicine and Wellness | No | 100% | No | No | No | N/A | | | |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|---|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Swedish Ballard Family Medicine Clinic | No | 6% | Yes | Yes | Yes | 2 | 3 | 2 | 29 |
| Total Care Clinics | No responses provided | | | | | | | | |
| True North Health Services | No responses provided | | | | | | | | |
| Urgent Medical Center | No responses provided | | | | | | | | |
| Vantage Physicians | No | 100% | Yes | Yes | Yes | 52 | 202 | 519 | 119 |
| Vintage Direct Primary Care PLLC | No | 100% | No responses provided | | | | | | |

| Entity | Do any providers in your practice participate as a network provider in a health carrier's network? | What percentage of your business is direct practice? | Has the practice discontinued any patients? | Has the practice declined to accept any patients? | When patients sign the direct practice agreement, do you collect information about their | Number of patients who have Medicaid | Number of Patients who have Medicare | Number of patients who have private health insurance | Number of patients who are uninsured/no coverage |
|---------------------------------------|--|--|---|---|--|--------------------------------------|--------------------------------------|--|--|
| Washington Park Direct Care | No | 75% | Yes | Yes | Yes | Unknown | | | |
| Wise Patient Internal Medicine | No | No responses provided | | | | | | | |