

Direct Practices in Washington State

Annual report to the Legislature
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Executive Summary

In 2007, the Washington State Legislature enacted Engrossed Second Substitute Senate Bill 5958, codified as Revised Code of Washington (RCW) 48.150. This bill created a new primary health care delivery option called direct patient-provider primary care practices or “direct practices.”

The bill requires the Office of the Insurance Commissioner (OIC) to report annually to the Legislature on direct 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 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 primary care visits or care provided. 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 2020 direct practices annual report analyzes the last three fiscal years of annual statements:

- **Fiscal Year 2020:** July 1, 2019 through June 30, 2020
- **Fiscal Year 2019:** July 1, 2018 through June 30, 2019
- **Fiscal Year 2018:** July 1, 2017 through June 30, 2018

Participation Trends in Fiscal Year 2020

- There were 19,579 direct practice patients out of approximately 7.5 million Washington State residents¹, or 0.26 percent of the population.
- **Increase in overall patient participation:** participants increased by 5,097, or 35.20 percent, from 14,482 participants in Fiscal Year 2019 to 19,579 in Fiscal Year 2020.
- **Increase in the number of practices registered with the OIC:** registrations increased by 10, from 34 in 2019 to 44 in 2020.
- **Change to direct practice fees:** from Fiscal Year 2019 to Fiscal Year 2020,
 - thirteen direct practices reported they did not change their fees;
 - eleven direct practices reported decreased fees; and
 - nine direct practices reported increased fees.
- **Zero complaints received:** the OIC did not receive any complaints about direct patient practices in the past year.

¹ As reported by the U.S. Census Bureau

Voluntary data reported by direct practices: While all registered practices responded to the mandatory questions, not all reported voluntary information. Some indicated they do not collect this information, while others simply did not respond to the voluntary questions.

Suggested modification to chapter: The annual statement contains mandatory questions that providers are required to answer under the requirements of the bill and voluntary questions providers are not required to answer. Historically, 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 method for the OIC to actively monitor direct practices for compliance with Chapter 48.150 RCW. Therefore, the OIC recommends removing the term “voluntary data” from the statute for clarity and requiring direct practices to answer all of the annual statement questions.

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 (ESSB) 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, health care providers engaged in direct patient practices were subject to current 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 for a limited number of providers that wished to offer this model to their patients.

The 2007 law provides that registered 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 registered direct practices is extremely limited.

During the 2014 regular 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.

In regard to direct practices, the OIC’s regulatory role is registering direct practices and reviewing the annual statements from direct practices, which the OIC reports annually to the Legislature.

Annual Reports

State law requires direct practices to submit annual statements to the OIC 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 specific rulemaking authority over direct practices. However, the OIC has the authority to tell direct practice clinics how to submit the statements, what format to follow in submitting statements and what data to include.

The OIC's annual report to the Legislature must include:

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

Definition of Direct Practices in Washington State

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

- Charges a monthly fee for providing primary care services;
- Offers only primary care services;
- Enters into a written agreement with patients describing the services and fees; and
- 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 or care provided. 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 sell to employer groups.

In 2009, the Legislature made minor modifications to the original legislation. Direct practices are now allowed 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, but 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 do not provide comprehensive 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. 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."

2020 Direct Practice Information

Direct practices originally began filing annual statements with the OIC in October 2007. In September 2020, the OIC sent its annual statement to registered practices. This statement collects the mandatory information state law requires and asks several voluntary questions.

Direct practices file a statement with the OIC to register and then annually submit a statement to continue to offer direct practice services. Over the past two years, the OIC has seen an increase in the need to protect consumers from unlawful direct practice agreements during the first filing or initial submission with the OIC. When a direct practice submits its first statement, the OIC reviews direct practice agreements from compliance with Chapter 48.150 RCW, the laws governing direct practices. There has been an increase in improper fees detailed in direct practice contracts, such as cancellation fees and refusing to refund consumers who paid in advance but want to terminate their direct-practice agreement.

More frequently, direct practice agreements fail to include information required by law to fully inform patients. For example, some agreements frequently fail to include a disclaimer statement to inform consumers that a direct practice agreement is not comprehensive coverage. Consumers need to understand that emergency and specialty care must be paid out of pocket or that consumers should purchase a supplemental health plan. RCW 48.150.100 requires direct practice agreements to contain the OIC's contact information to help consumers, however this is rarely included. It requires an increasing amount of time for the OIC to conduct its review of direct practice agreements.

Data from the Annual Statements

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

- **Fiscal year 2020:** July 1, 2019 – June 30, 2020
- **Fiscal year 2019:** July 1, 2018 – June 30, 2019
- **Fiscal year 2018:** July 1, 2017 – June 30, 2018

The following chart summarizes data that the OIC collected in fiscal year 2020.

Information for prior years is available in past reports² on the OIC's website.

Table 1: Data Summary

Practice Name and Location	County of Operation	# of patients FY 2018	# of patients FY 2019	# of patients FY 2020	Patient Change in 2020?	Monthly fee FY 2018	Monthly fee FY 2019	Monthly fee FY 2020	Fee Change in 2020?
Affordable Access/ Part of Snoqualmie Hospital - Snoqualmie	King	117	133	119	Decrease	\$40	\$40	\$40	No

² Link to past reports: <https://www.insurance.wa.gov/about-oic/reports/commissioner-reports/>

Practice Name and Location	County of Operation	# of patients FY 2018	# of patients FY 2019	# of patients FY 2020	Patient Change in 2020?	Monthly fee FY 2018	Monthly fee FY 2019	Monthly fee FY 2020	Fee Change in 2020?
Anchor Medical Clinic - Freeland	Island	150	50	50	No	\$100	\$200	\$200	No
Assurance Healthcare & Counseling Center - Yakima	Yakima	863	1507	1842	Increase	\$75	\$95	\$70	Decrease
Bellevue Medical Partners - Bellevue	King	560	Did not respond in 2019	580	Increase	\$185	Did not respond in 2019	\$180	Decrease
BlissMD - Seattle	King	369	350	342	Decrease	\$174.30	\$178	\$206	Increase
CARE Medical Associates - Bellevue	King	288	297	292	Decrease	\$123.36	\$150	\$129	Decrease
Coho Medical Group - Bellevue	King	105	123	151	Increase	\$69	\$79	\$79	No
CompassDirect HealthCare - Ellensburg	Kittitas	First response in 2020	First response in 2020	1192	N/A	First response in 2020	First response in 2020	\$50	First response in 2020
Cosmas Primary Care, P.S. - Tacoma	Pierce	68	67	60	Decrease	\$83	\$78	\$80	Increase
Delta Direct Care - Battleground	Clark	2300	1672	500	Decrease	\$42	\$32	\$55	Increase
Edmonds Health Clinic - Edmonds	Snohomish	27	39	56	Increase	\$95	\$95	\$95	No
Family and Wellness Medicine - Federal Way	King	First response in 2019	6	18	Increase	First response in 2019	\$75	\$100	Yes
Family Care of Kent - Kent	King	1500	Did not respond in 2019	2	Decrease	\$60	Did not respond in 2019	\$60	No
Family Care of Spokane - Spokane	Spokane	165	153	100	Decrease	\$69	\$140	\$108.31	Decrease
GoodMed Direct Primary Care - Seattle	King	305	327	328	Increase	\$50	\$60	\$59	Decrease
Guardian Family Care - Mill Creek	Snohomish	255	189	95	Decrease	\$107.50	\$145	\$136.50	Decrease
Heritage Family Medicine - Olympia	Thurston	Did not respond in 2018	24	29	Increase	Did not respond in 2018	\$55	\$70	Increase
Jared Hendler, M.D. - Bainbridge Island	Kitsap	89	89	88	Decrease	\$247	\$234	\$235	Decrease

Practice Name and Location	County of Operation	# of patients FY 2018	# of patients FY 2019	# of patients FY 2020	Patient Change in 2020?	Monthly fee FY 2018	Monthly fee FY 2019	Monthly fee FY 2020	Fee Change in 2020?
Lacamas Medical Group - Camas	Clark	145	117	160	Increase	\$60	\$60	\$80	Increase
Lissa Lubinski MD - Port Angeles	Clallam	124	Did not respond in 2019	222	Increase	\$42	Did not respond in 2019	\$60	Increase
The Manette Clinic - Bremerton	Kitsap	587	790	876	Increase	\$67	\$77	\$62	Decrease
MD² Bellevue - Bellevue	King	199	202	196	Decrease	\$1,082	\$1118	\$1,172.91	Increase
MD² Seattle - Seattle	King	230	232	242	Increase	\$956	\$1028	\$1,032	Increase
Oodle Family Medicine - Renton	King	61	100	130	Increase	\$45	\$45	\$50	Increase
Pacifica Medicine and Wellness - Poulsbo	Kitsap	First response in 2020	First response in 2020	160	N/A	First response in 2020	First response in 2020	\$50	First response in 2020
Paladina Health - Federal Way, Puyallup, Tacoma and Vancouver	Pierce	2209	Did not respond in 2019	2100	Decrease	\$69	Did not respond in 2019	\$60	Decrease
PeaceHealth Medical Group - Vancouver	Clark	27	29	28	Decrease	\$85	\$100	\$95	Decrease
Pier View Chiropractic - Normandy Park	King	145	Did not respond in 2019	320	Increase	\$96	Did not respond in 2019	\$219	Increase
RediMedi Clinic - Wenatchee	Douglas	635	712	1179	Increase	\$50	\$55	\$55	No
Ridgefield Family Medicine - Ridgefield	Clark	53	Did not respond in 2019	0	Decrease	\$60	Did not respond in 2019	\$50	Decrease
Seattle Medical Associates - Seattle	King	3113	3093	3136	Increase	\$137	\$160	\$153.76	Decrease
Seattle Premier Health - Seattle	King	526	562	646	Increase	\$208	\$235	\$235	No
Sound Clinical Medicine - Gig Harbor	Pierce	8	9	21	Increase	\$60	\$125	\$49	Decrease
Sound Medicine and Wellness - Seattle	King	50	75	100	Increase	\$200	\$208	\$200	Decrease
Swedish Ballard Family Medicine Clinic - Seattle	King	36	50	35	Decrease	\$55	\$55	\$55	No
Thrive Direct Health Care - La Conner	Skagit	First response in 2020	First response in 2020	220	N/A	First response in 2020	First response in 2020	\$55	First response in 2020

Practice Name and Location	County of Operation	# of patients FY 2018	# of patients FY 2019	# of patients FY 2020	Patient Change in 2020?	Monthly fee FY 2018	Monthly fee FY 2019	Monthly fee FY 2020	Fee Change in 2020?
Total Care Clinics - Kennewick	Benton	59	46	20	Decrease	\$60	\$60	\$60	No
TransforMD Primary Care - Lynnwood	Snohomish	First response in 2019	18	43	Increase	First response in 2019	\$70	\$70	No
Urgent Medical Center - Vancouver	Clark	10	10	4	Decrease	\$60	\$60	\$60	No
Vantage Physicians - Olympia	Thurston	792	828	839	Increase	\$93	\$128	\$94.59	Decrease
Vintage Direct Primary Care - Poulsbo	Kitsap	907	1,032	1,070	Increase	\$63	\$43	\$52	Increase
Washington Park Direct Care - Centralia	Lewis	1,032	1,290	1,387	Increase	\$49	\$60	\$60	No
Water's Edge Family Practice and Wellness Center - Langley	Island	First response in 2020	First response in 2020	234	N/A	First response in 2020	First response in 2020	\$87.50	First response in 2020
Wise Patient Internal Medicine - Seattle	King	138	261	363	Increase	\$100	\$100	\$100	No
Total number of patients in all direct practices		18,268	14,482	19,579					

Locations

In 2020, 44 direct practices operating in Washington submitted an annual statement.

- In 2020, three direct practices began reporting to the OIC:
 - Pacifica Medicine and Wellness – Poulsbo
 - Thrive Direct Health Care – La Conner
 - Water's Edge Family Practice and Wellness Center – Langley
- Four clinics reported they no longer provide direct practice services or did not submit their annual statement to renew their registration with the OIC:
 - BlissMD – Seattle
 - The Charis Clinic – Edmonds
 - Hudson's Bay Medical Group – Vancouver
 - Whole Life Wellness - Anacortes

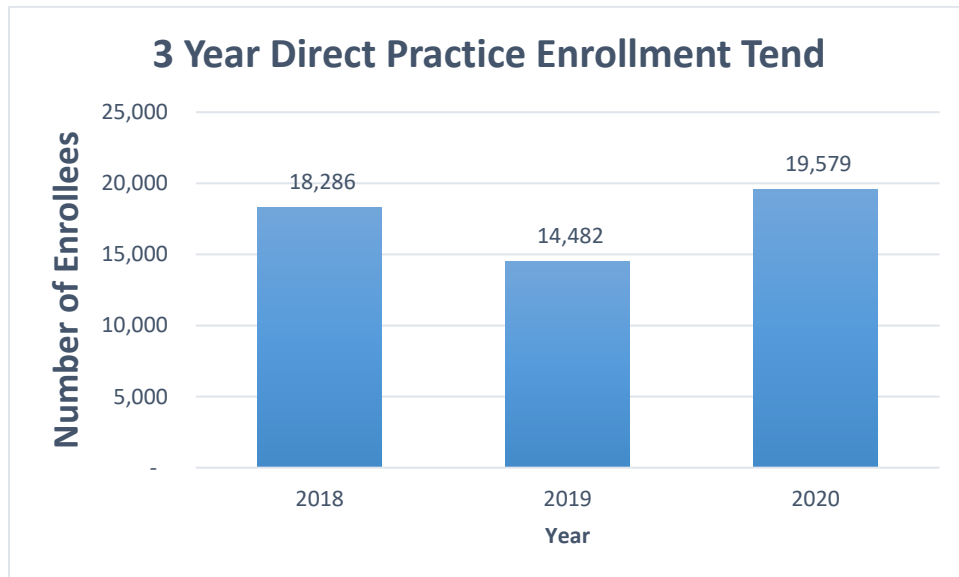
Direct practices operate in 14 Washington counties.

County	Direct Practice City
Benton	<ul style="list-style-type: none"> Total Care Clinics – Kennewick
Clallam	<ul style="list-style-type: none"> Lissa Lubinski MD – Port Angeles
Clark	<ul style="list-style-type: none"> Delta Direct Care – Battleground Lacamas Medical Group – Camas PeaceHealth Medical Group – Vancouver Ridgefield Family Medicine – Ridgefield Urgent Medical Center – Vancouver
Douglas	<ul style="list-style-type: none"> RediMedi Clinic – Wenatchee
Island County	<ul style="list-style-type: none"> Anchor Medical Clinic – Freeland Water’s Edge Family Practice and Wellness Center – Langley
King	<ul style="list-style-type: none"> Affordable Access (Snoqualmie Valley Hospital) – Snoqualmie Bellevue Medical Partners – Bellevue Care Medical Associates – Bellevue Coho Medical Group – Bellevue Family and Wellness Medicine – Federal Way Family Care of Kent – Kent GoodMed Direct Primary Care – Seattle MD² – Bellevue MD² – Seattle Oodle Family Medicine – Renton Pier View Chiropractic – Normandy Park Seattle Medical Associates – Seattle Seattle Premier Health – Seattle Sound Medicine and Wellness – Seattle Swedish Ballard Family Medicine Clinic – Ballard Wise Patient Internal Medicine – Seattle
Kitsap	<ul style="list-style-type: none"> Jared Hendler, MD – Bainbridge Island The Manette Clinic – Bremerton

	<ul style="list-style-type: none"> • Pacifica Medicine and Wellness – Poulsbo • Vintage Direct Primary Care – Poulsbo
Lewis	<ul style="list-style-type: none"> • Washington Park Direct Care – Centralia
Pierce	<ul style="list-style-type: none"> • Cosmas Primary Care, P.S. – Tacoma • Paladina Health – Federal Way, Puyallup, Tacoma and Vancouver • Sound Clinical Medicine, P.S. – Gig Harbor
Skagit	<ul style="list-style-type: none"> • Thrive Direct Health Care – La Conner
Snohomish	<ul style="list-style-type: none"> • Edmonds Health Clinic – Edmonds • Guardian Family Care – Mill Creek • TransforMD Primary Care – Lynnwood
Spokane	<ul style="list-style-type: none"> • Family Care of Spokane – Spokane
Thurston	<ul style="list-style-type: none"> • Heritage Family Medicine – Olympia • Vantage Physicians – Olympia
Yakima	<ul style="list-style-type: none"> • Assurance Healthcare & Counseling Center – Yakima

Participation in Fiscal Year 2020

- Enrollment increased at 24 direct practice clinics.
 - Enrollment increased by 35.20 percent from 14,482 total enrollees in Fiscal Year 2019 to 19,579 enrollees in Fiscal Year 2020.
 - One clinic experienced an enrollment increase of 467 patients: RediMedi Clinic – Wenatchee grew from 712 patients in 2019 to 1,179 patients in 2020, a 39.6% increase. RediMedi Clinic – Wenatchee increased its enrollment by 65.59 percent from 712 patients in Fiscal Year 2019 to 1,179 in Fiscal Year 2020.
 - 20 clinics reported a combined total of 1,475 new patients. Increases in new enrollees range from one at GoodMed Direct Primary Care – Seattle, to 467 at RediMedi Clinic – Wenatchee.
- Enrollment decreased at 13 direct practice clinics.
 - The 13 practices that enrolled fewer patients reported a total decrease of 1,408 enrollees.
 - Delta Direct Care – Battleground reported a decrease of 1,172 direct practice enrollees.
- 18 direct practices voluntarily reported that they participate as in-network providers in a health carrier’s network in 2020. This is a significant change since reporting began in 2007 when all reporting practices performed direct-patient provider primary care exclusively.



- 33 practices voluntarily reported the percentage of their business that is direct practice.
 - 10 practices reported that less than five percent of their business is direct practice.
 - One practice reported that more than 15 percent and less than 20 percent is direct practice.

Fees in Fiscal Year 2020

- Nineteen direct practices increased their monthly fees.
 - Seventeen practices increased their fees by five dollars per month or more.
 - The highest increase was BlissMD – Seattle, which raised its fees by 28 dollars per month.
- The average monthly fee decreased from 183.97 dollars in Fiscal Year 2019 to \$142 in Fiscal Year 2020. It is to be noted that this is because the new direct practices have a monthly fee of \$61.00 and a number of clinics decreased their fees.
 - Four new direct practices monthly fees range from 50 dollars (CompassDirect HealthCare – Ellensburg) to \$87.50 (Water's Edge Family Practice and Wellness Center – Langley).
 - Eleven direct practices decreased their fees by up to 76 dollars per month.
- The highest monthly fee is \$1,172.67 per month at MD² Seattle.
- The lowest monthly fee is \$40 per month at Affordable Access/Part of Snoqualmie Hospital – Snoqualmie.
- Fees at eight of the direct practices remained the same as last year.

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 40 to 1,172.67 dollars. Enrollees at seven practices pay between 100 and 200 dollars per month, though enrollees at 21 direct practices pay 100 dollars or less and enrollees at five direct practices pay more than 200 dollars per month. The OIC does not collect data regarding the affordability of the fees for direct practice patients.

Table 2 below provides information about the enrollment in five fee ranges.

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

Monthly fee	\$ 50 or less	\$51 - \$75	\$76 - \$100	\$101 - \$200	\$201 +
<u>FY 2020 Enrollees</u>	1622	9357	1909	4353	1838
<u>FY 2020 Practices</u>	6	15	9	7	5
<u>FY 2019 Enrollees</u>	2,917	2,600	2,816	4,969	1160
<u>FY 2019 Practices</u>	4	10	7	8	5
<u>FY 2018 Enrollees</u>	4,574	6,668	1347	4,585	532
<u>FY 2018 Practices</u>	4	17	7	5	3
<u>FY 2017 Enrollees</u>	2,556	5,336	1,348	4,554	996
<u>FY 2017 Practices</u>	6	18	7	5	3
<u>FY 2016 Enrollees</u>	1511	2581	2167	4151	862
<u>FY 2016 Practices</u>	8	8	6	6	2
<u>FY 2015 Enrollees</u>	1519	2651	2737	3757	840
<u>FY 2015 Practices</u>	10	10	6	6	3

Direct practices and the Insurance Market

The OIC annual re-registration statement asks direct practice clinics if they collect information about patients' other health plans when patients enroll. In 2020, 36 of the 44 responding direct practices indicated they collect this information.

According to the clinics that reported this voluntary information, the number of direct practice clients who are uninsured are:

- **Fiscal Year 2020** 1693 enrollees, or 1.7 percent.
- **Fiscal Year 2019:** 599 enrollees, or 4.1 percent.
- **Fiscal Year 2018:** 317 enrollees, or 1.7 percent.

Under Washington state law, direct practices cannot bill insurers for primary care services provided under the direct practice agreement because this would result in “double dipping” or collecting payment twice for services provide. Patients are advised to obtain other insurance such as a high-deductible health plan, also called “catastrophic plans,” to ensure that emergency and other services are covered.

The number of direct practice clients who have private insurance (non-Medicare, non-Medicaid) are:

- **Fiscal Year 2020:** 30 direct practices reported 10,005 enrollees who had private insurance, or 51.1 percent of all enrollees.
- **Fiscal Year 2019:** 17 direct practices reported 3,626 enrollees who had private insurance, or 25.0 percent of all enrollees.
- **Fiscal Year 2018:** 13 direct practices reported 4,375 enrollees who had private insurance, or 23.0 percent of all enrollees.

Seventeen direct practices reported the following Medicare enrollment:

- **Fiscal Year 2020:** 3,314 enrollees or 16.9 percent.
- **Fiscal Year 2019:** 2,578 enrollees or 17.8 percent.
- **Fiscal Year 2018:** 1,514 enrollees or 8.0 percent.

Seventeen direct practices reported the following Medicaid enrollment:

- **Fiscal Year 2020:** 516 enrollees or 2.6 percent.
- **Fiscal Year 2019:** 234 enrollees or 1.6 percent.
- **Fiscal Year 2018:** 214 enrollees or 1.0 percent.

How Direct Practices Evolved

Washington State is the birthplace of direct practices. The origins of this approach are often traced to MD², a practice that began in 1996.

Since 1996:

- 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 and represents 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 provider, 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 [GAO Report 05-929³](#), 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 dollars.
- 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, commonly 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 may only offer qualified health plans and each plan must meet requirement standards and provide an essential benefit package. Essential health benefits include:

- Ambulatory patient services.

³ Link to GAO report: <http://www.gao.gov/assets/250/247393.pdf>

- 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 the 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

The development of the ACA raises questions. Although we can't know or anticipate all issues that may arise in the future, below are a few of the most frequently asked questions.

How do direct practices operate under the ACA?

Direct practices are not insurers and are only authorized to offer primary care services to their direct practice patients. Direct practices are not able to provide comprehensive health care. Therefore, under the ACA, they are not qualified health plans eligible for sale through the Exchange.

The ACA specifies 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 a carrier to provide primary care services in a carrier's qualified health plans in addition to offering direct practice services to patients, but cannot bill an insurance carrier for services rendered under a direct practice agreement.

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 provides for the essential health benefits and will cover emergency services. Direct practice agreements only provide primary care services and do not cover emergency services. As such, they do not qualify as health insurance, so they do not meet the individual mandate requirement, although this mandate is not enforced by the current administration.

The Washington Health Benefit Exchange (Exchange) opened in late 2014 and began selling policies that were effective starting January 1, 2015. Enrollment both 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. Direct practices do not provide access to specialists or emergency care and the consumer have to pay out-of-pocket for other medical services, including emergency or specialist services, unless they also obtain health insurance.
- If a consumer has health insurance, there are limitations on the maximum out-of-pocket expenses. A maximum out-of-pocket expense is the total amount of the plan's annual deductible and other

annual out-of-pocket expenses other than premiums that the insured is required to pay, such as copayments and coinsurance. Once that limit is reached, a consumer does not pay for co-insurance expenses, such as co-payments. However, consumers' costs associated with a direct practice will not count as cost-sharing expenses under most health plans and will not be applied to reduce the maximum out of pocket limitation because those services are not received as a part of a health plan benefit. For example, a direct practice provider is not a network provider and cannot bill health carriers regulated under chapter 48 RCW for health care services because those services are being paid by the consumer through the direct practice agreement and would result in double payment. Therefore, the consumer does not benefit from direct practice monthly fees counting toward annual maximum out-of-pocket expense limits.

Does federal health care reform bar direct practice arrangements from operating outside the Exchange?

Nothing in federal health care reform bars direct practice arrangements from operating outside the Exchange. There appears to still be a market for exclusive direct practices that cater to wealthier consumers and offer a concierge model, as well as for consumers who can't buy health care coverage on the Exchange, such as undocumented immigrants. In addition, some consumers simply join direct practices because they like the personal service, so these consumers may still continue to use direct practices.

Recommendations for Legislative Modifications

Washington State is at the forefront of national regulation of direct primary care practices. Although direct primary care practices have not gained significant market share, they are present in 14 counties in Washington.

The annual statement contains mandatory questions that providers are required to answer under the requirements of the bill and voluntary questions providers that providers are not required to answer. Historically, 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 removing the term “voluntary data” from the statute for clarity and requiring direct practices to answer all of the annual statement questions.

APPENDIX A: Annual Statement Form

This year, like last year, the OIC collected annual statement responses through an online form to make the process easier for providers and to receive timely responses. The questions were similar to paper statements issued in previous years. A summary of the questions are provided below.

1. Practice name (Include all names utilized, such as a DBA name, so that all names can be listed as registered).

Practice Name

DBA Name

2. If the practice utilizes more than one name, please identify which name should be the primary name that the practice will be listed under:

Primary Name

3. Contact person for this statement:

Name

Title

Email Address

Phone Number

4. Will this contact person also be the person to contact when it is time to renew the registration? If not, please identify that person.

Name

Title

Email Address

Phone Number

5. What is the practice's address?

Name

Company

Address

City/Town

State/Province

ZIP/Postal Code

Country

Email Address

Phone Number

6. Please answer, if there is another practice location other than the primary location, please identify the practice location if the practices are not registered separately.

Name

Company

Address

City/Town

State/Province

ZIP/Postal Code

Country

Email Address

Phone Number

7. Identify all of the providers in your practice who provide direct practice care:

Provider 1:

Provider 2:

Provider 3:

Provider 4:

8. Identify all affiliated or partner direct care providers if you are part of a group of direct care providers:

1:

2:

3:

4:

9. What is the total number of patients currently enrolled in your direct practice?

10. What is the monthly membership fee?

11. If the practice will have more than one monthly membership rate, please describe the different membership fee levels.

12. Does the practice offer an annual membership?

Yes

No

If there is more than one type annual membership fee rate, please describe the different fee levels and how those funds are collected.

13. What is the annual membership fee?

14. If the annual membership funds are collected in advance for the year, has the practice established set up a trust account?

Yes

No

15. List all services provided as a part of your direct care agreement:

16. List all services offered for an additional cost (if any):

17. What is the name and contact information of the person designated to receive and address any patient complaints?

Name	<input type="text"/>
Company	<input type="text"/>
Email Address	<input type="text"/>
Phone Number	<input type="text"/>

18. Is the practice providing any care to groups of people, such as employer groups as a part of the direct practice?

- Yes
- No

If Yes, Please describe:

19. Has the practice discontinued any patients?

YES / NO

A. If YES, how many patients has the direct practice discontinued?

B. If YES, what was/were the reasons for the discontinuation(s)?

20. Has the practice declined to accept any patients?

YES / NO

If Yes, how many patients did the practice decline to accept?

If Yes, please specify the reason for declining to accept that patients:

21. Do any of your clinic's direct practice providers participate as an in-network provider in a health carrier's network?

Yes

No

22. What percentage of the practice's business is direct practice?

23. What is the direct practice's website address:

24. When a new patient signs a direct practice agreement, does your clinic collect information about other health coverage the patient may have?

Yes

No

25. If you answered yes to question above, how many of your direct practice patients:

Have Medicaid

Have Medicare

Have private health Insurance

Are uninsured

Another form of health Care coverage

26. Please upload the latest copy of your direct practice agreement, including fee structure, disclosure statement and all marketing materials to the correctly corresponding upload link

APPENDIX B: Websites and Addresses for Direct Practices

Direct Practice	Address	Website
Affordable Access	35020 SE Kinsey Street Snoqualmie, WA 98065	http://www.snoqualmiehospital.org/
Anchor Medical Clinic	1412 Castlewood Court Freeland, WA 98249	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/
CARE Medical Associates	1407 116th Avenue NE Suite 102 Bellevue, WA 98004	http://www.cmadoc.com/
Coho Medical Group	1515 116th Avenue NE Suite 201 Bellevue, WA 98004	http://www.cohomedical.com/
CompassDirect HealthCare	107 E Mountain View Ave Ellensburg, WA 98926	https://www.compassdirecthealthcare.com/
Cosmas Primary Care, P.S.	2115 S. 56th St. Suite 103 Tacoma, WA 98409	http://cosmasprimarycare.com
Delta Direct Care	209 East Main Street Suite 121 Battleground, WA 98604	https://deltadirectcare.com/

Edmonds Health Clinic	221 4th Avenue North Edmonds WA 98020	http://edmondshealthclinic.com/
Family and Wellness Medicine	34004 16th Ave S. Suite 100 Federal Way, WA 98003	www.fmwwa.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 Ave South Bainbridge Island, WA 98110	http://www.hendlermd.com/
Heritage Family Medicine	4001 Harrison Avenue NW Suite 101 Olympia, WA 98502	http://www.heritagefamilymedicine.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/
The Manette Clinic	1100 Wheaton Way Suite F and G Bremerton WA 98310	http://themanetteclinic.com/
Main Street Family Medicine PLLC	100 E. 33rd Street Suite 206-B Vancouver, WA 98663	https://www.mainstreetfamilymed.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/
Oodle Family Medicine	401 Olympia Ave. NE #305, Box #48 Renton, WA 98056	http://oodlemd.com
Pacifica Medicine and Wellness	19980 10th Ave. NE Suite 2020 Poulsbo, WA 98370	https://pacificamedicine.com/#Home
Paladina Health	1250 Pacific Avenue Suite 110 Tacoma, WA 98402	http://www.paladinahealth.com/individuals/
PeaceHealth Medical Group	16811 SE McGillivray Blvd. Vancouver, WA 98638	https://www.peacehealth.org/

Pier View Chiropractic	19987 1 st Avenue South Suite 10 Normandy Park, WA 98148	https://www.pierviewchiropractic.com/
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
Thrive Direct Care Practice	708 E Morris St. Ste. B La Conner, WA 98257	https://www.thrivedirecthealthcare.com/

Total Care Clinics	1029 North Kellogg Street Kennewick, WA 99336	https://www.totalcaretricity.com/
TransformMD Primary Care	17901 Bothell-Everett Hwy. Suite F-105 Bothell, WA 98012	www.transformdpc.com
Urgent Medical Center	9430 NE Vancouver Mall Dr. Vancouver, WA 98662	No website
Vantage Physicians	3703 Ensign Road NE Suite 10A Olympia, WA 98506	http://vantagephysicians.net/
Vintage Direct Primary Care	19319 7 th Avenue NE Suite 114 Poulsbo, WA 98370	http://vintagedpc.com/
Washington Park Direct Care	208 Centralia College Blvd Centralia, WA 98531	http://washingtonpark.md/
Water's Edge Wellness Center	221 Second St. Langley, WA 98260	https://www.watersedgewellnesscenter.com/
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?	Do you collect information about their other health coverage?	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 (Snoqualmie Hospital)	Yes	2%	Yes	No	Yes	0	0	5	115
Anchor Medical Clinic	No	100%	Yes	Yes	Yes	5	43	N/A	1
Assurance Counseling and Healthcare LLC	No	100%	Yes	No	No	N/A	N/A	N/A	N/A
Bellevue Medical Partners	No	100%	No	No	Yes	0	300	270	10
BlissMD	No	100%	Yes	No	Yes	N/A	N/A	N/A	N/A
CARE Medical Associates	No	80%	No	No	Yes	0	88	160	29
Coho Medical	Yes	50%	Yes	No	Yes	25	15	90	21
Cosmas Primary Care	Yes	90%	Yes	No	Yes	23	28	9	0
Delta Direct Care	No	100%	No	No	No	N/A	N/A	N/A	N/A
Edmonds Health Clinic	Yes	6%	No	No	Yes	N/A	N/A	10	46
CompassDirect HealthCare	No	100%	Yes	No	No	N/A	N/A	N/A	N/A
Family and Wellness Medicine	No	20%	No	No	No	N/A	N/A	N/A	N/A
Family Care of Kent	Yes	0.05%	No	No	Yes	0	0	1	0
Family Care Spokane	Yes	26%	Yes	No	No	N/A	N/A	N/A	N/A
GoodMed Direct Primary Care	No	100%	No	No	No	N/A	N/A	N/A	N/A

Heritage Family Medicine	Yes	0.02%	No	No	No	N/A	N/A	N/A	N/A
Jared Hendler, M.D.	No	100%	No	No	Yes	1	33	39	2
Lacamas Medical	Yes	1%	Yes	Yes	Yes	0	0	0	50
Lissa Lubinski MD	No	85%	Yes	No	No	N/A	N/A	N/A	N/A
Manette Clinic	Yes	60%	Yes	Yes	Yes	100	0	345	232
MD² Bellevue	No	100%	No	Yes	No	N/A	N/A	N/A	N/A
MD² Seattle	No	100%	No	Yes	No	N/A	N/A	N/A	N/A
Oodle Family Medicine	No	100%	Yes	No	Yes	30	15	30	40
Pacifica/ ChymiyMattyMD LLC	Yes	10%	Yes	No	Yes	0	0	4	154
Paladina Health	No	100%	No	No	Yes	N/A	N/A	2100	N/A
PeaceHealth Medical Group	Yes	0.01%	Yes	No	Yes	N/A	N/A	N/A	28
Pier View Chiropractic	No	98%	Yes	No	Yes	12	0	205	110
RediMedi Clinic	No	90%	No	No	No	N/A	N/A	N/A	N/A
Ridgefield Family Medicine	Yes	5%	No	No	Yes	0	0	5	2
Seattle Medical Associates	No	100%	No	Yes	Yes	0	1470	1666	0
Seattle Premier Health (James and Lacambra)	No	100%	No	No	Yes	0	230	412	4
Sound Clinical Medicine- Gig Harbor	Yes	1%	No	No	Yes	0	0	21	0
Sound Medicine and Wellness	No	100%	No	No	Yes	3	40	50	0
Swedish Ballard Family Medicine Clinic	Yes	0.50%	No	No	Yes	5	3	1	24
Thrive Direct Health Care	No	50%	No	No	Yes	30	0	30	30
Total Care Clinics	Yes	0.05%	No	No	Yes	0	0	N/A	0

TransforMD Primary Care	No	100%	Yes	No	Yes	2	0	2	34
Urgent Medical Center	Yes	1%	Yes	No	Yes	N/A	N/A	N/A	N/A
Vantage Physicians	No	100%	Yes	No	Yes	43	248	427	107
Vintage Direct Primary Care PLLC	No	100%	Yes	Yes	Yes	110	243	442	300
Washington Park Direct Care	No	75%	Yes	Yes	Yes	95	444	1022	299
Water's Edge	No	100%	Yes	No	Yes	11	56	158	4
Wise Patient Internal Medicine, PLLC	Yes	51%	No	No	Yes	0	0	337	24