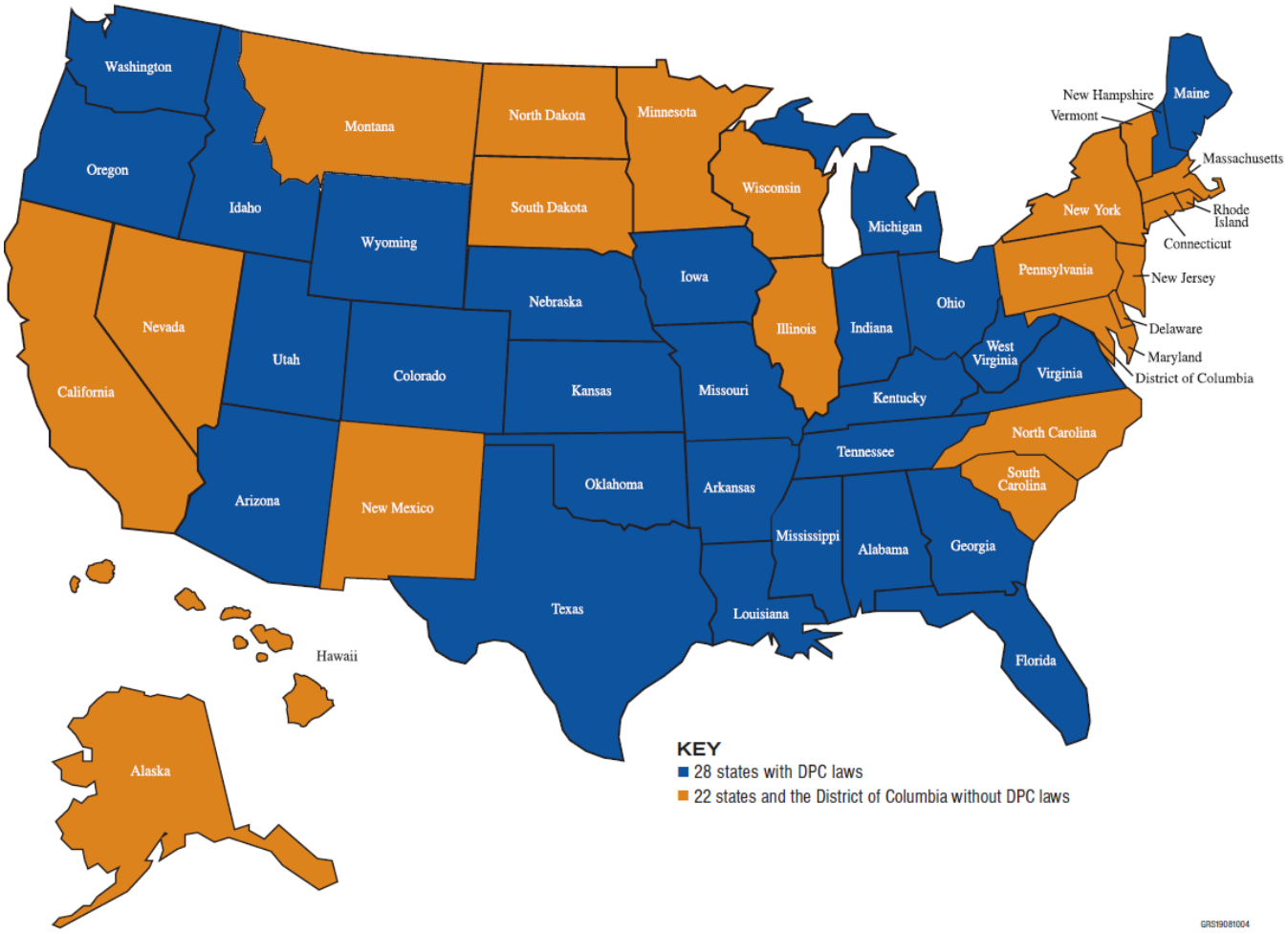
AMERICAN ACADEMY OF FAMILY PHYSICIANS
STRONG MEDICINE FOR AMERICA

DIRECT PRIMARY CARE



AAFP Position

American Academy of Family Physicians (AAFP) policy supports physician and patient choice to provide and receive health care in any ethical health care delivery system model, including the Direct Primary Care (DPC) model. The DPC model is consistent with AAFP's advocacy of the advanced primary care functions and is a blended payment method of paying family medicine practices. The AAFP promotes and supports DPC as an innovative advanced practice model.

An Alternative to Fee-for-Service

DPC provides family physicians and patients with an alternative to fee-for-service insurance. Physicians who adopt DPC arrangements typically charge patients a fixed annual or monthly fee that eliminates the need for third-party insurance for primary care services. DPC is designed to remove the financial barriers patients encounter in accessing routine primary care, including preventive, wellness, and chronic care services. DPC practices often suggest that patients acquire a high-deductible, wraparound insurance policy to cover subspecialty care, emergency room visits, hospitalizations, and other health care services not covered by DPC.

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Expanding DPC Access

Federal Legislation

In July 2019, U.S. Representatives Earl Blumenauer (D-CO) and Jason Smith (R-MO) introduced the *Primary Care Enhancement Act* (HR 3708), which would allow patients with health savings accounts (HSAs) pay for DPC services and arrangements with their HSAs. The AAFP submitted a letter in support of HR 3708 and released a statement in support of the bill.

State Legislation

Many states lack clear definitions of DPC terms, creating a varying patchwork of state-level regulation and confusion for physicians on whether and how to transition to DPC arrangements. DPC legislation commonly seeks to clarify that a DPC arrangement is not an insurance product and not subject to state insurance regulations. DPC creates an agreement for a defined set of services over time and thus, some state insurance regulators have interpreted DPC as a capitated risk arrangement. In traditional health insurance arrangements, one party assumes certain risks from another for compensation (the premium) and is obligated to pay the other party for covered health care services. A DPC agreement is not an insurance agreement as the principal benefit of DPC is limited to primary care. Even though DPC agreements cover the risk of assorted primary care complications, they usually contain an express provision for additional charges (based on actual expense incurred) and refunds—both of which are absent in insurance agreements.

As of September 2019, 28 states have enacted legislation supporting DPC and/or defining it as a medical service outside the scope of insurance regulation.

DPC Pilot Programs

State Health Employees Programs

In 2015, New Jersey became the first state to establish a voluntary DPC pilot program for its State Health Benefits Program (SHBP). Approximately 60,000 public employees, early retirees, and their families in non-HMO plans have 24/7 access to a primary care physician while eliminating deductibles, copays, and coinsurance for primary care services through this pilot, which began in April 2016. Nebraska also passed legislation creating a DPC pilot within its state health insurance program which began in July 2019.

State Medicaid Programs

Six states (IN, MO, MN, OK, TN, VA) have introduced legislation to expand some form of DPC to their states' Medicaid programs through limited pilot programs, although none have become law. The bills differ in how they introduce DPC as an option for Medicaid enrollees, with some preferring to go through the Section 1115 waiver process (IN, VA), which requires federal approval.

Last Updated: **September 2019**