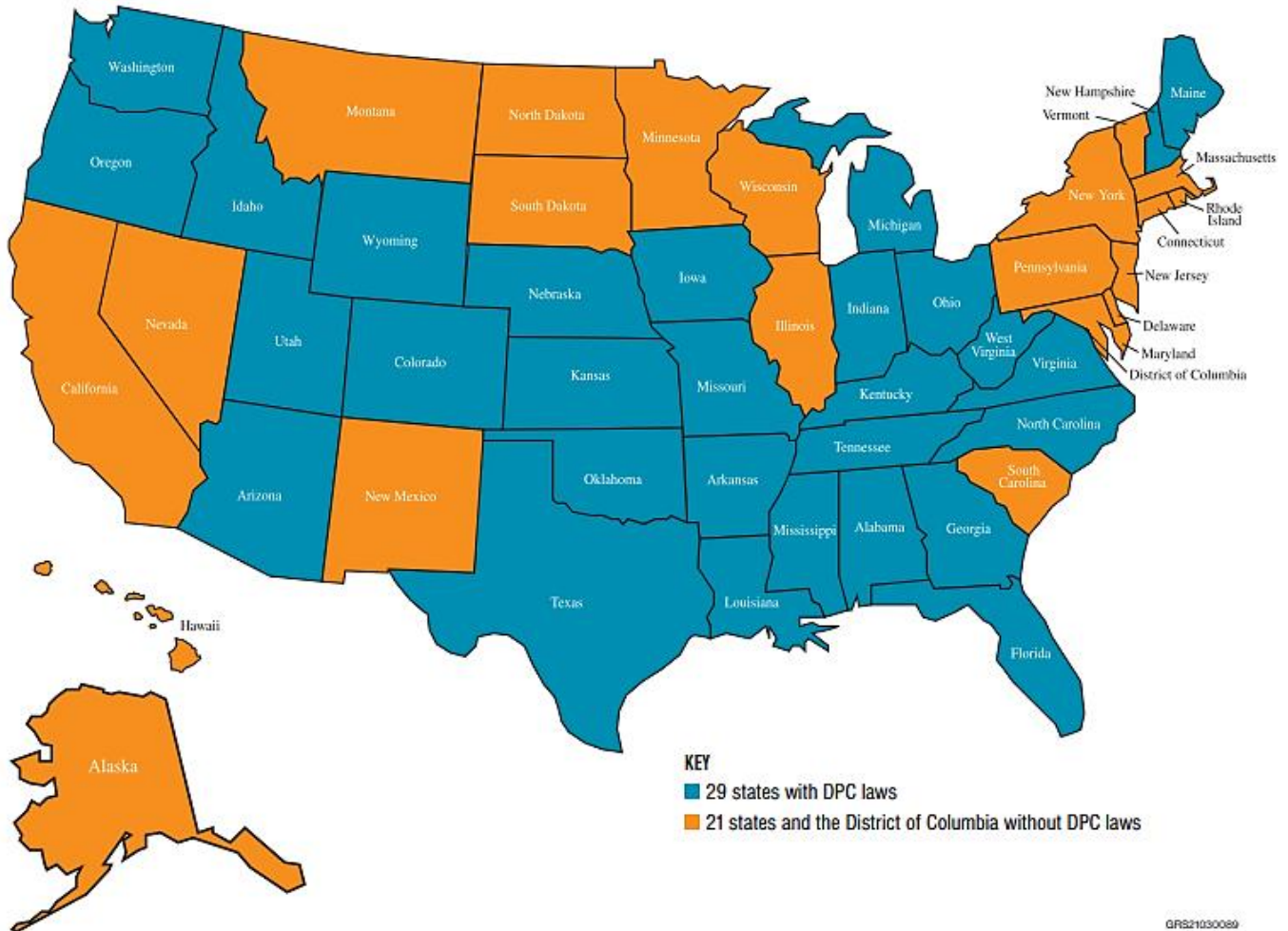




DIRECT PRIMARY CARE



AAFP Position

The American Academy of Family Physicians (AAFP) [supports](#) the 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 in place of 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

AAFP Headquarters

11400 Tomahawk Creek Pkwy.
Leawood, KS 66211-2680
800.274.2237 • 913.906.6000
fp@aaafp.org

AAFP Washington Office

1133 Connecticut Avenue, NW, Ste. 1100
Washington, DC 20036-1011
202.232.9033 • Fax: 202.232.9044
capitol@aaafp.org

insurance policy to cover subspecialty care, emergency room visits, hospitalizations, and other health care services not covered by DPC.

Expanding DPC Access

Federal Legislation

Under current law as interpreted by the Internal Revenue Service (IRS), individuals with health savings account (HSAs) arrangements are prohibited from entering into a DPC arrangement with a primary care physician. Introduced in July 2019, the Primary Care Enhancement Act ([S 2999/HR 3708](#)) would lift this prohibition and allow patients to pay for DPC services with their health savings accounts (HSAs). The bill was [supported](#) by the AAFP but did not receive a vote in either chamber of the 116th Congress. In January 2021, Senator Bill Cassidy introduced a similar bipartisan bill ([S 128](#)) which is co-sponsored by Senators Tim Scott (R-SC), Mark Kelly (D-AZ) and Jeanne Shaheen (D-NH).

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 on the state level commonly seeks to clarify that a DPC arrangement is not an insurance product and thus not subject to state insurance regulations. 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 February 2021, 29 [states](#) (AL, AZ, AR, CO, FL, GA, ID, IN, IA, KS, KY, LA, ME, MI, MS, MO, NE, NH, NC, OH, OK, OR, TN, TX, UT, VA, WA, WV, WY) have enacted legislation supporting DPC and/or defining it as a medical service outside the scope of insurance regulation. In an additional four states (IL, MA, MT, SC), insurance commissioners have issued explicit guidance for how to operate DPC practices that is in compliance with the state's insurance code. DPC practices operate in all states; however, in the majority of [states](#) without either legislation or insurance commissioner guidance, practices must independently determine how to operate lawfully within the existing insurance code and may be subject to regulation by state insurance regulators.

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. Now, most employees and their dependents covered by non-HMO plans through SHBP and the School Employees' Health Benefits Program are [eligible](#) for DPC at no additional cost. Nebraska passed [legislation](#) creating a three-year DPC pilot within its state health insurance program which began in July 2019.

State Medicaid Programs

Most state statutes expressly prohibit Medicaid enrollees from entering into DPC arrangements with physicians. In January 2021, [legislation](#) was introduced in Iowa that would create a two-year pilot program in which Medicaid enrollees who are either childless adults or pregnant women would be able to receive primary care through a direct primary care agreement. Under this arrangement, primary care services would be carved out of a Medicaid enrollee's benefit package, although the state Medicaid agency would still be responsible for paying the monthly DPC fee using state-only funds. In March 2021, [legislation](#) was introduced in Texas to create a similar pilot program for Medicaid enrollees under the age of 65.