



RACHAEL A. CABRAL-GUEVARA

STATE SENATOR • 19TH SENATE DISTRICT

Testimony before the Senate Committee on Health

Senator Rachael Cabral-Guevara

February 6, 2024

Thank you committee members for allowing me to testify on Senate Bill 905 today, a straightforward bill targeted at increasing accessibility and affordability in healthcare.

This bill would have Wisconsin join 30 states that specifically define direct primary care (DPC) in statute. DPC is an agreement for primary health care services where patients pay a monthly fee to a provider. These agreements enable both doctors and patients to avoid the bureaucratic complexity, additional paperwork, and costly hassle of the claims process; allowing for more time to be spent caring for patients. DPC is an alternative health care model, not a health coverage plan or means to replace insurance, and membership is voluntary where it can be cancelled or entered into at any time.

In Wisconsin, there are around 35 practices that are using some form of a DPC model. Many of these practices that use this model are small, employing one or two providers. Despite their small size, they are a key component of the health care team in Wisconsin and care for thousands of patients.

Though these agreements currently operate in Wisconsin, there is no statutory authorization for them. This legislation will protect both these practices and their many patients by explicitly stating that DPC is not insurance, and thus is exempt from any OCI regulations. This bill also protects consumers by clarifying that DSPS and DATCP have regulatory authority over these practices and providers.

I know there have been questions about what types of care can be provided in this model, what is required of the provider, and the anti-discrimination provisions. Let me clarify: this bill would not mandate any form of primary care outside of a provider's scope of practice and the anti-discrimination provisions only apply when entering in to or terminating the agreement itself.

Thank you again for allowing me to testify on this important piece of legislation and I am hopeful you will support it.



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**Senate Committee on Health
Testimony on Senate Bill 905
Agreements for Direct Primary Care
February 6, 2024**

Thank you Chairwoman Cabral-Guevara, and members of the Senate Committee on Health for holding a hearing on Senate Bill 905, agreements for direct primary care. Direct Primary Care (DPC) is a healthcare model already being used in Wisconsin as a supplement to traditional healthcare. This legislation will ensure that DPC can continue to be used as intended, and deliver high-quality, low-cost care.

In the traditional model for healthcare, costs are usually billed by the doctor and submitted to the insurance company. The insurance company pays some or all of the cost, and the patient is responsible for paying the rest of the bill. As you can imagine, this can be a fairly expensive process.

By contrast, DPC operates on a direct payment or subscription basis, where patients pay a monthly or annual fee directly to the primary care provider. Instead of working through an insurance company for paying claims, the membership fee covers routine check-ups, preventive care, and basic medical services. People using DPC often have high-deductible insurance to cover larger, unexpected claims that could not be handled in a smaller clinical setting. Because there is no need to process insurance claims for routine care, DPC practices can reduce administrative overhead.

Although the DPC model is already being used successfully in our state, doctors and health professionals are concerned that direct primary care agreements might be classified as insurance. This would negate the entire point of the DPC model.

This bill clarifies that Direct Primary Care is not health insurance, requires providers to clearly explain what services are covered, outlines the elements of a valid DPC agreement, and prohibits discrimination.

I hope you'll join me in supporting this legislation and ensuring that individuals in Wisconsin can continue to have access to this patient-centered approach to health care. Thank you again for your time today. I'm happy to answer any questions you might have.



Wisconsin Medical Society

TO: Senate Committee on Health
Senator Rachael Cabral-Guevara, Chair

FROM: Mark Grapentine, JD – Chief Policy and Advocacy Officer

DATE: February 6, 2024

RE: **Support** for Senate Bill 905

On behalf of the largest association of medical doctors in Wisconsin, the Wisconsin Medical Society (WisMed) thanks you for this opportunity to share our support for Senate Bill 905, which concerns direct primary care agreements.

WisMed's policy on direct primary care arrangements expresses support for this type of patient- and physician-friendly health care relationship:

INS-061: Use of Direct Primary Care and Other Direct Care Arrangements

The Wisconsin Medical Society supports expansion of consumer choice by supporting the following initiatives:

- 1) Legislation clarifying that direct primary care is not a plan, coverage, or insurance.
- 2) Legislation that enables consumers who have health savings accounts to use their health savings account to enter into fixed fee arrangements including direct primary care. (HOD, 0419)

WisMed supports adding statutory language clarifying that patients may enter into a direct primary care agreement without fear that this type of structure could be deemed health insurance. Many physicians in Wisconsin already have such agreements with their patients and a statutory clarification in this area would be helpful.

The requirement to disclose that such contracts are not health insurance is also important. Easier access to routine health care services can be very cost-effective and beneficial for patients and allows a physician to provide high quality care while avoiding some of the administrative burdens that often come with insurance company-based coverage. That said, a contract for direct primary care is a supplement to, not a substitute for, insurance coverage for catastrophic care. Making that distinction clear to the patient is vital, and WisMed supports that requirement.

Access to and the cost of health care continues to be a growing issue both nationally and in Wisconsin. At the same time, physicians in Wisconsin continue to feel the effects of professional burnout. Direct primary care can be a model where both the patient and physician benefit.

Thank you again for this opportunity to provide our testimony supporting Senate Bill 905. Please feel free to contact WisMed on this and other health-related issues.