

# Report to the Joint Legislative Council

## Study Committee on Direct Primary Care



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# STUDY COMMITTEE ON DIRECT PRIMARY CARE

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# PART I

## KEY PROVISIONS OF COMMITTEE RECOMMENDATIONS

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### **RECOMMENDATION: VALUE OF DIRECT PRIMARY CARE MODEL**

The Joint Legislative Council Study Committee on Direct Primary Care finds that direct primary care (DPC) is a valuable component of Wisconsin's health care market.

### **RECOMMENDATION: DIRECT PRIMARY CARE STATE EMPLOYEE HEALTH PLAN PILOT**

The Joint Legislative Council Study Committee on Direct Primary Care recommends that the Group Insurance Board should explore the possibility of integrating an employer-sponsored direct primary care program into the state employee health plan under its current structure, and submit any recommendations to the standing committees in each house of the Legislature with jurisdiction over health and the Joint Committee on Finance.



# PART II

## COMMITTEE ACTIVITY

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### ASSIGNMENT

The Joint Legislative Council established the Study Committee on Direct Primary Care and appointed the chairperson by a mail ballot dated April 9, 2018. **Appendix 2** identifies the membership of the Joint Legislative Council at the time the mail ballot was approved. The committee was directed to review the emergence of DPC as a healthcare delivery option and assess its potential impact on the healthcare delivery system and health outcomes in the state. The committee was instructed to recommend legislation regarding requirements for DPC arrangements in the private market. In addition, the committee was directed to review options for incorporation of DPC arrangements into the fee-for-service and managed-care parts of the Medical Assistance (MA) program and assess its potential impact on the functionality, efficiency, and effectiveness of service delivery and health outcomes in both parts of the MA program. The committee was also instructed to recommend legislation regarding a DPC pilot in the MA program, including an evaluation of the impact of the pilot on service delivery and health outcomes for participating individuals and the MA program as a whole.

Membership of the study committee was appointed by a mail ballot dated June 4, 2018. The final committee membership consisted of three representatives, three senators, and eight public members. A list of committee members is included as **Appendix 3** to this report.

### SUMMARY OF MEETINGS

The committee held three meetings on the following dates:

- July 24, 2018.
- August 29, 2018.
- September 18, 2018.

At the July 24, 2018 meeting, the committee first received testimony from a panel of DPC providers regarding their DPC practices: **Dr. Steve Bondow, DPC physician, BondowMD Direct, Delafield, WI; Dr. Philip Eskew, DPC physician and attorney, Corizon Health, DPC Frontier, Proactive MD, and DPC Coalition, Torrington, WY; and Dr. Joshua Umbehr, DPC physician, Atlas MD Concierge Family Practice and Atlas CRM, LLC, Bel Aire, KS.** They each spoke positively of DPC, and stated that they believe DPC reduces physician burnout and decreases incidences of emergency room and urgent care visits. They also asserted that costs for tests and procedures are significantly reduced under a DPC model. In addition, the providers stated DPC does not replace insurance, and they advise patients to also obtain insurance coverage for services outside of the DPC agreement.

Following the DPC provider panel, **Legislative Council staff** presented background materials related to DPC and described how 25 states have enacted DPC legislation. Those states' laws include provisions that define a DPC practice, generally clarify that DPC is not regulated as an insurance arrangement, and create additional regulations applicable to DPC practices and agreements regarding disclosures, referrals, consumer protection, and other issues. The staff also described the few examples of DPC pilots in other states' MA programs.

The committee then heard an overview of how DPC relates to Wisconsin's current health insurance market. **Donna Friedsam, health policy programs director, University of Wisconsin (UW) Population Health Institute and distinguished researcher, Population Health Sciences, and Sam Austin, evidence-based health policy project managing director and health policy analyst, UW Population Health Institute**, described comparable cost factors, and identified the limits of what can be drawn from existing data given the current lack of comprehensive studies. They also noted that researchers and stakeholders who collect medical data often use insurance claims as health care measurements, so the committee could consider requiring similar data collection in DPC. **George Quinn, executive director of the Wisconsin Council on Medical Education and Workforce**, described Wisconsin's health care workforce. He stated that DPC may exacerbate physician shortages in the state, although it may reduce burnout for some physicians.

Finally, the committee heard from **Zach Bemis, chief legal counsel, and Elizabeth Hizmi, legislative liaison/public information officer, Office of the Commissioner of Insurance (OCI)**. They stated that OCI does not generally consider DPC to be insurance but DPC providers must be careful to avoid setting up practices that border on the definition of insurance. OCI considers a number of factors, including risk distribution, payments, underwriting, and marketing. Mr. Bemis indicated that OCI was comfortable with the definition of DPC used in 2017 Assembly Bill 798, as amended ("the bill").<sup>1</sup>

At the August 29, 2018 meeting, the committee heard testimony regarding the bill from its authors, **Representative Joe Sanfelippo and Senator Chris Kapenga**. They explained a number of benefits of the DPC model, including improved health outcomes, reduced physician burnout, reduced health care costs, and improved patient experience. They said that DPC is a form of health care, not health insurance, and 25 other states have enacted DPC legislation that is similar to the bill. They also cautioned the committee against considering legislation that may overregulate or disrupt existing DPC practices, and stated that the bill aimed to provide legal certainty for DPC providers to help the model grow. In addition, they stated that a pilot should be created to examine DPC's potential to improve the state's MA program, noting that the U.S. Department of Health and Human Services has expressed interest in collaborating with states to test the use of DPC in MA.

**Mark Grapentine, senior vice president of government relations, Wisconsin Medical Society**, described the high level of physician burnout in Wisconsin, as shown by two studies performed by

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<sup>1</sup> Representative Sanfelippo and Senator Kapenga introduced DPC legislation during the 2017-18 legislative session as companion bills 2017 Assembly Bill 798 and 2017 Senate Bill 670. An amended version of the Assembly bill passed in the Assembly, which adopted Assembly Substitute Amendment 1. However, the Senate did not act on the bill. This report refers to, and the committee generally discussed, the amended version of the bill as passed by the Assembly.



the Wisconsin Medical Society. The Wisconsin Medical Society has taken a neutral position on the bill.

The committee then heard testimony from a panel of employers who use direct provider contracting models: **Representatives from QuadMed and Quad/Graphics,<sup>2</sup> and speakers regarding Waukesha County,<sup>3</sup> the City of LaCrosse,<sup>4</sup> and the City of Milwaukee.<sup>5</sup>** It was noted that while these employers are not necessarily using a DPC model, they are examples of how Wisconsin employers are currently experimenting with primary care delivery. QuadMed offers on-site and shared clinics for employers nationwide, including a number of Wisconsin employers. The City and school district of Waukesha and Waukesha County entered into a direct care agreement with Healthstat, a national clinic provider, to establish a shared clinic in November 2014. The City of LaCrosse entered into a direct care agreement with a physician who operates the LaCrosse Neighborhood Family Clinic in January 2017. The City of Milwaukee, as part of its wellness program, opened a workplace clinic in 2014. The speakers each described how they have used direct provider contracting to improve delivery of preventive care. As a result, they have seen decreases in health care costs and improved health outcomes. These programs have also been popular among employees.

**Justin Sydnor, associate professor, Department of Risk and Insurance, Wisconsin School of Business,** provided an overview of ways in which DPC interacts with the health insurance market. He presented thoughts about how DPC might affect the economics of health care and incentives in the health care market. He also compared DPC to integrated health care systems, and described how patient incentives could be harnessed to promote DPC cost savings. In addition, he provided thoughts on regulations that might improve the DPC model, and how a DPC pilot might be evaluated.

**Tim Lundquist, director of government and public affairs, Wisconsin Association of Health Plans,** raised a number of concerns related to the DPC model, including that DPC has the potential to exacerbate increases in health insurance premiums if healthy individuals choose to purchase DPC rather than comprehensive health insurance. He also noted there is potential for consumer harm and confusion, if DPC functions like insurance without the same level of regulation. In addition, he stated it is unclear how a DPC Medicaid pilot would function, including the allocation of payments between primary care and other levels of service. He stated that if legislation is recommended, the committee should not exempt DPC from state insurance law, and should designate a state agency for oversight and require DPC practices to provide proof of financial responsibility.

The committee also heard testimony from **Larry Chapman,** a DPC patient who described his positive experiences with DPC. He stated that he and his family of six belong to a DPC practice, and he also purchases DPC memberships for his employees in conjunction with a high deductible plan.

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<sup>2</sup> Sue Buettner, president, QuadMed; David Eager, chief financial officer, QuadMed; David Noshay, director of national sales, QuadMed; Nancy Ott, vice president of employee experience, Quad/Graphics; and Pat Henderson, executive director of government affairs, Quad/Graphics.

<sup>3</sup> Norm Cummings, director of administration in Waukesha County.

<sup>4</sup> Rae Anne Beaudry, senior vice president, The Horton Group.

<sup>5</sup> Renee Joos, employee benefits director, City of Milwaukee; Ali Ekman, wellness coordinator, Workforce Health, Froedert Hospital; and Barb Fagan, director of workforce health business development, Froedert Hospital.

Following the presentations, the committee discussed a list of decision points related to recommendations for legislation regarding DPC agreements in the private market. The committee made no decisions, but did generally agree that DPC providers should make certain disclosures to patients. The committee also discussed recommending no legislation as an option.

At the September 18, 2018 meeting, the committee first heard from a panel of DPC patients: **Traci Dehring, Colleen Prostek, Kelly Zimmerman, and Chad Waldron**. They described their positive experiences with DPC, including their relationships with the DPC providers and their satisfaction with the price of the monthly DPC fee. All four patients stated that they understand DPC is not insurance and believe that the terms of their DPC agreements are clear. They also stated that they do not have consumer protection concerns related to DPC.

The committee then heard from **Steven Hook, vice president of business development, Paladina Health**. Paladina Health operates primary care clinics for employers, including 16 Wisconsin employers. Mr. Hook described cost savings that Paladina has achieved through the DPC model, and stated that Paladina aims to make primary care more accessible, align physician incentives with patient health, and focus on prevention of chronic conditions such as diabetes. Mr. Hook stated he does not believe Paladina has experienced any specific regulatory challenges in Wisconsin, and he also stated that the main regulatory issue facing DPC is that federal law does not generally allow patients to use their health savings accounts to pay DPC fees.

Chair Darling then directed the committee to discuss the following four questions, with the goal of reaching a consensus where possible: (1) whether DPC should be statutorily exempt from state insurance law; (2) what the definition of DPC is; (3) whether additional consumer protection requirements are needed for DPC; and (4) whether there should be a DPC pilot in the state Medicaid program. Legislative Council staff provided a brief overview of DPC laws in 25 other states, referencing two memoranda, which had been prepared for the committee: "Options for Committee Discussion" (September 11, 2018); and Memorandum to Chair Darling, "Comparison of Provisions in State Direct Primary Care Legislation" (September 17, 2018).

Committee members were divided on the question of whether DPC should be statutorily exempt from state insurance law. Some committee members stated that OCI should continue to determine whether DPC providers are offering insurance on a case-by-case basis, whereas others expressed their view that Wisconsin should enact DPC legislation that defines DPC in statute and clearly exempts it from regulation under state insurance laws. Some members argued in favor of DPC legislation similar to the bill. Chair Darling asked members to indicate whether they think DPC should be placed in statute. She noted that less than half of the present members indicated they were in favor of recommending DPC legislation.

Committee members also disagreed about how to define DPC. Some members supported the definition of DPC used in the bill,<sup>6</sup> while others thought it was too broad. There was discussion about

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<sup>6</sup> The bill defined a DPC agreement to mean a contract between a "health care provider" (which includes a list of licensed health care professionals) and an individual patient or his or her legal representative or employer, in which the health care provider agrees to provide "routine health care services" (defined to mean "screening, assessment, diagnosis, and treatment for the purpose of promotion of health or the detection and management of injury") to the individual patient or employees for an agreed-upon fee and period of time.

which health care practitioners should be permitted to offer DPC, what services a DPC practice should be authorized to provide, and whether DPC should be defined based on how the payments are structured rather than the type of care that is being provided. The committee did not reach consensus on any of these issues.

Committee members generally agreed that if DPC legislation were enacted, it should include some required disclosures and other consumer protection provisions but did not reach a consensus on what those protections should be.

Finally, the committee did not reach a consensus regarding whether a DPC pilot should be created in the state MA program. Some members stated that they are in favor of a MA pilot, whereas other members stated that the MA population is not the right group for testing DPC. It was noted that there are few examples of other states incorporating DPC into the MA program.

Some members commented that Nebraska and New Jersey have created DPC pilots in their state employee health plans, rather than in the MA program. The committee received testimony at its second meeting from local governmental employers that have experienced positive results from utilizing direct provider contracting models for primary care in municipal employee health plans, and a number of committee members suggested that the state employee health plan should be considered as a population for testing DPC in Wisconsin.

Chair Darling identified two areas in which the committee could reach a consensus. The committee voted to make recommendations regarding: (1) the value of the DPC model; and (2) a DPC state employee health plan pilot. Chair Darling explained that the committee is not recommending that the state employee health plan move to a self-insured model, but rather that DPC be tested within the plan's current structure. Both recommendations were approved by unanimous consent of the present members.

Chair Darling thanked the committee members for their participation and service, and informed the committee it had completed its work.



## STUDY COMMITTEE VOTES

On September 18, 2018, the study committee voted to approve the following recommendations to the Joint Legislative Council. The votes on the recommendations were as follows:

- Recommendation: Value of Direct Primary Care Model, passed by unanimous consent of the members present (Sens. Darling, Johnson, and Tiffany; Reps. Felzkowski, Kolste, and Nygren; and Public Members Banaszynski, Dicus-Johnson, Gehl, McNally, Murray, Rakowski, and Trowbridge); and Absent (Public Member Van Meeteren).
- Recommendation: Direct Primary Care State Employee Health Plan Pilot, passed by unanimous consent of the members present (Sens. Darling, Johnson, and Tiffany; Reps. Felzkowski, Kolste, and Nygren; and Public Members Banaszynski, Dicus-Johnson, Gehl, McNally, Murray, Rakowski, and Trowbridge); and Absent (Public Member Van Meeteren).



## JOINT LEGISLATIVE COUNCIL

<u>SENATE MEMBERS</u>	<u>ASSEMBLY MEMBERS</u>
<b>Roger Roth, Co-Chair</b> Senate President Appleton	<b>Robert Brooks, Co-Chair</b> Assistant Majority Leader Saukville
<b>Alberta Darling</b> JFC Co-Chair River Hills	<b>Tyler August</b> Speaker Pro Tempore Lake Geneva
<b>Scott Fitzgerald</b> Majority Leader Juneau	<b>Joan Ballweg</b> Markesan
<b>Howard Marklein</b> President Pro Tempore Spring Green	<b>Peter Barca</b> Kenosha
<b>Mark Miller</b> Monona	<b>Dianne Hesselbein</b> Assistant Minority Leader Middleton
<b>Terry Moulton</b> Chippewa Falls	<b>Gordon Hintz</b> Minority Leader Oshkosh
<b>Jerry Petrowski</b> Marathon	<b>John Nygren</b> JFC Co-Chair Marinette
<b>Fred A. Risser</b> Madison	<b>John Spiros</b> Marshfield
<b>Jennifer Shilling</b> Minority Leader La Crosse	<b>Jim Steineke</b> Majority Leader Kaukauna
<b>Lena Taylor</b> JFC Ranking Minority Member Milwaukee	<b>Chris Taylor</b> JFC Ranking Minority Member Madison
<b>Van Wanggaard</b> Racine	<b>Robin Vos</b> Speaker Rochester

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.





## COMMITTEE LIST

### Legislative Council Study Committee on Direct Primary Care

<p><b>Chair Alberta Darling</b>, Senator 1325 West Dean Road River Hills, WI 53217</p>	<p><b>Vice Chair John Nygren</b>, Representative Room 309 East, State Capitol P.O. Box 8953 Madison, WI 53708</p>
<p><b>Greg Banaszynski</b> W7709 Koshkonong Lake Road Fort Atkinson, WI 53538</p>	<p><b>Coreen Dicus-Johnson</b>, President/CEO Network Health 1570 Midway Place Menasha, WI 54952</p>
<p><b>Mary Felzkowski</b>, Representative W4587 County Rd. S Apt. A Irma, WI 54442</p>	<p><b>Dr. Suzanne Gehl</b> The Jacob House 385 Williamstowne, Suite 101 Delafield, WI 53018</p>
<p><b>LaTonya Johnson</b>, Senator 2363 N. 54<sup>th</sup> St. Milwaukee, WI 53707</p>	<p><b>Debra Kolste</b>, Representative 4105 Parkview Dr. Janesville, WI 53546</p>
<p><b>Maureen McNally</b> Froedtert Health 9200 West Wisconsin Avenue Wauwatosa, WI 53213</p>	<p><b>Tim Murray</b>, CEO Solstice Health 1020 Oconomowoc Parkway, Suite B Oconomowoc, WI 53066</p>
<p><b>Mark Rakowski</b>, Vice President Children’s Community Health Plan Children’s Hospital of WI 9000 W. Wisconsin Avenue Milwaukee, WI 53226</p>	<p><b>Tom Tiffany</b>, Senator 4973 Willow Dam Road Hazelhurst, WI 54531</p>
<p><b>Dr. Elizabeth Trowbridge</b> UW School of Medicine and Public Health 2828 Marshal Court, Suite 100 Madison, WI 53705</p>	<p><b>Bob Van Meeteren</b>, President/CEO Reedsburg Area Medical Center 2000 North Dewey Avenue Reedsburg, WI 53959</p>

**STUDY ASSIGNMENT:** The study committee is directed to review the emergence of “direct primary care” as a healthcare delivery option and assess its potential impact on the healthcare delivery system and health outcomes in the state. The committee shall recommend legislation regarding requirements for direct primary care arrangements in the private market. In addition, the committee is directed to review options for incorporation of direct primary care arrangements into the fee-for-service and managed-care parts of the Medical Assistance (MA) program and assess its potential impact on the functionality, efficiency, and effectiveness of service delivery and health outcomes in both parts of the MA program. The committee shall recommend legislation regarding a direct primary care pilot in the MA program, including an evaluation of the impact of the pilot on service delivery and health outcomes for participating individuals and the MA program as a whole.

**14 MEMBERS:** 3 Representatives; 3 Senators; and 8 Public Members.

**LEGISLATIVE COUNCIL STAFF:** Brian Larson and Andrea Brauer, Staff Attorneys; and Julie Learned, Support Staff.



## COMMITTEE MATERIALS LIST

[Copies of documents are available at [www.legis.wisconsin.gov/lc](http://www.legis.wisconsin.gov/lc)]

### July 24, 2018 Meeting

- Staff Brief 2018-02, Study Committee on Direct Primary Care (July 17, 2018)
- Direct Primary Care (DPC): Potential Impact on Cost, Quality, Health Outcomes, and Provider Workforce Capacity, A Review of Existing Experience & Questions for Evaluation, UW Population Health Institute
- Powerpoint Presentation by Andrea Brauer and Brian Larson, Legislative Council (July 24, 2018)
- Presentation, Direct Primary Care (DPC): Potential Impact on Cost, Quality, Health Outcomes, and Provider Workforce Capacity, *A Review of Existing Experience & Questions for Evaluation*, by Sam Austin and Donna Friedsam, UW Population Health Institute (July 24, 2018)
- Presentation by Dr. Steve Bondow, DPC Physician, BondowMD Direct (July 24, 2018)
- Presentation, *Direct Primary Care and Insurance*, by Elizabeth Hizmi, Public Information Officer, and Zach Bemis, Chief Legal Counsel, Office of the Commissioner of Insurance (July 24, 2018)
- Presentation, Wisconsin Council on Medical Education and Workforce, *Mapping Our Way to Success: Wisconsin's Physician Workforce*, 2018 Healthcare Workforce Report - Issue Brief
- Presentation, WCMEW WI Council on Medical Education and Workforce, *Workforce Considerations of Direct Primary Care in Wisconsin*, by George Quinn, WCMEW Executive Director (July 24, 2018)

### August 29, 2018 Meeting

- LC Study Committee Memorandum, *Selected Overview of Direct Primary Care Pilots in Other States* (August 21, 2018)
- Presentation, *Study Committee on Direct Primary Care*, by Andrea Brauer, Staff Attorney, and Brian Larson, Senior Staff Attorney, Legislative Council (August 29, 2018)
- Presentation by Mark Grapentine, Wisconsin Medical Society, *Physician "Burnout" A Wisconsin Perspective*
- Testimony from Senator Chris Kapenga (August 29, 2018)

- Presentation by Tim Lundquist, Director of Government & Public Affairs, Wisconsin Association of Health Plans (August 29, 2018)
- Presentation from Representative Joe Sanfelippo, *U.S. Department of Health & Human Services Fiscal Year 2018 Guidance on Direct Primary Care and Integration into State Medicaid Programs* (August 29, 2018)
- Presentation by City of Milwaukee, *Onsite Clinic Services Overview* (August 29, 2018)
- Case Study, *Paladina Health Delivers Results for City of Arvada* (August 29, 2018)
- Presentation from QuadMed and QuadGraphics, *The Value of Onsite Health Care Solutions* (August 29, 2018)
- Testimony from Representative Joe Sanfelippo (August 29, 2018)
- Presentation by Justin Sydnor, PhD Economist, Risk and Insurance Department, UW School of Business, *Remarks to the Wisconsin Legislative Council Study Committee on Direct Primary Care* (August 29, 2018)
- Presentation by Waukesha Employee Health & Wellness Center, *Waukesha County Shared Clinic* (August 29, 2018)

### **September 18, 2018 Meeting**

- LC Study Committee Memorandum, *Options for Committee Discussion* (September 11, 2018)
- Attachment 1 - 2017 Assembly Bill 798 and Assembly Substitute Amendment 1 to 2017 Assembly Bill 798
- Attachment 2 - Model State DPC Legislation Authored by the Direct Primary Care Coalition
- Attachment 3 - A Compilation of Recent State Legislation on DPC Agreements, Prepared by National Conference of State Legislatures (NCSL) Staff
- Attachment 4 - Enacted DPC Legislation in Kansas, Louisiana, Michigan, Oklahoma, Texas, Utah, and Washington
- Material submitted by Steven Hook, Vice President of Business Development, Paladina Health, *Paladina Health, Improving Clinical Outcomes, Enhancing Patient Satisfaction, Lowering Healthcare Cost*
- Material submitted by Steven Hook, Vice President of Business Development, Paladina Health, *Paladina Health's Patient-Centered Medical Home Patient Experience Report*
- Memorandum, to Senator Alberta Darling, *Comparison of Provisions in State Direct Primary Care Legislation*, distributed to committee members (September 17, 2018)
- Summary of State Laws, Submitted by Senator Kapenga