Protecting the Private Practice of Medicine: Direct Primary Care - Louisiana Poised to Lead

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This is the fourth and final 2014 installment in our series that reports on emerging trends and new practice models in medicine.

As we discussed in our April editorial, “Direct Primary Care: Kicking Insurance Out of the Exam Room,” the new primary care practice model known as direct primary care (DPC) is posed to force an evolution of the healthcare system in Louisiana. DPC practices offer a membership-based approach to routine and preventive care, whereby patients pay a low monthly fee, typically $49 to $100, to their physician for all of their everyday health needs. DPC practices do not take insurance; therefore, there is no need for billing approval, deductibles, or co-payments. With lower overhead and dramatically less paperwork, providers have the time to deliver high-quality care instead of managing insurance claims.

As of our April article, the Louisiana State Medical Society had introduced legislation, Senate Bill 516 authored by Senator Sherri Buffington and Representative Stuart Bishop, to make it possible to operate a direct primary care practice in Louisiana. Prior to this law being enacted on August 1, 2014, direct primary care practices would be subject to laws that regulate insurance companies because of their prepay model. After near unanimous support in both the house and senate, SB 516, now Act 867, cleared the regulatory path, allowing DPC practices to begin operating in Louisiana.

In order to further educate our members about this important legislation, we have drafted a detailed summary of the legislation in hopes of expanding this practice model statewide.

**ACT 867: DEFINITION AND FUNCTION OF A DIRECT PRIMARY CARE (DPC) PRACTICE**

A direct primary care (DPC) practice is defined as one that charges a fee to a patient to provide routine healthcare services, including screening, assessment, diagnosis and treatment for the purpose of promotion of health, and detection and management of disease or injury.

A DPC can be operated by:

1. A sole proprietor MD or OD, licensed to practice medicine by the Louisiana State Board of Medical Examiners (LSBME).
2. A group of MDs or ODs, licensed to practice medicine by the LSBME.
3. An entity that sponsors, employs, or is affiliated with a group of physicians. That entity must be wholly owned by physicians or a 501(c)3 nonprofit. That entity is not prohibited from being affiliated with other providers who do not provide direct primary care practice. However, the group must provide direct medical care services and not any research, technological, operational, or administrative support.

A DPC is defined by its operating practices, including:

1. Entering into a direct agreement with patients.
2. Collecting a direct fee from patients. The practice charges a direct fee on a periodic basis, agreed upon and stated in the direct agreement, which represents the total amount due for all primary care services.
3. Does not accept payment for healthcare services provided to patients from any insurance entity.
4. Does not provide any procedures or supplies for hospitalization, surgery, dialysis, high-level radiology, MSI, rehabilitation services, procedures requiring anesthesia, or similar advanced procedures.
5. A DPC can accept payment of the direct fees, directly or indirectly, by third parties. An employer can pay the fees associated with a DPC for their employees but cannot enter into a direct agreement with the employer.
6. DPC direct agreements may not be sold to a group or “entered with a group of subscribers.” It may only exist between the practice and the individual patient or family of direct patients.
7. A DPC can accept payments from the Louisiana Medical Assistance Program if approved by the Centers for Medicare & Medicaid Services.

A DPC is required to:

1. Maintain appropriate accounts and payment history.
2. Allow patients to pay their monthly fees ahead of time, but they must be held in trust, and any un-
earned direct fees must be refunded to the patient following termination of the relationship.

3. Notify patients 60 days prior to changing the direct fee and may only increase the fee once a year.

A DPC practice is prohibited from:

1. Submitting a claim for payment to any insurance entity, directly or through a subcontractor, for services covered by the direct primary care fee and agreement.

2. From being identified by any insurance entity for purpose of network adequacy, or being available by an enrollee under a health insurer issuers benefit plan.

3. Prohibited from paying for healthcare services covered by a direct agreement rendered to patients by providers other than the providers in the direct practice or their employees.

A DPC practice or provider may enter into a participating provider contract with an insurance entity other than for payment of claims of services provided. That practice or physician will be subject to all provisions of the participating provider contact, including but not limited to:

1. Making referrals to other participating providers.

2. Admit the carriers’ members to participating hospitals and healthcare facilities.

3. Prescribe prescription drugs.

4. Implement other customary provisions of the contract not dealing with reimbursement of services.

A DPC practice may pay for charges associated with:

1. Routine lab and imaging services.

2. Dispensing prescribed prescription drugs at no additional costs in line with all laws and regulations.

3. Charge for any vaccinations or medical supplies not specifically included in the DPC agreement, as long as the patient is made aware of additional charge ahead of time.

A DPC practice must maintain an equal opportunity patient panel:

1. A DPC cannot discontinue or deny services based on the patient’s health status.

2. A DPC can decline a patient if they are at maximum capacity or unable to provide the appropriate level of care.

A DPC practice can discontinue care to patient but is required to give notice and opportunity for the patient to find another provider, if the patient:

1. Fails to pay their fee.

2. Commits an act that constitutes fraud against the practice.

3. Repeatedly fails to comply with the recommended treatment plan.

4. Is abusive or puts the practice staff or patients in emotional or physical danger.

If the practice discontinues to operate as DPC practice. The law requires the following regarding the direct agreement between the DPC practice and the patient:

1. A disclaimer must be included which states, “This agreement does not provide comprehensive health insurance coverage. It provides only the healthcare services specifically described.”

2. The agreement must also include a disclosure statement distributed to all patients, which informs the patient of his or her financial rights and responsibilities.

3. Language must encourage patients to maintain insurance for services not provided by the practice and states that the DPC practice will not bill insurance for services covered under the direct agreement.

4. A statement must also include contact information for the LSBME.

In the 18 states direct primary care has already been implemented, physicians report increased satisfaction and a renewed commitment to providing the kind of care that initially inspired them to dedicate their lives to medicine. In short, direct primary care facilities enable physicians to do what they were trained to do, treat patients. We believe in the near future, DPC practices will transform the physician and patient medical environment in Louisiana, and we are proud to have been part of the process.