



Alaska State Legislature
Representative Jennifer Johnston – House District 28

HOUSE BILL 92
SPONSOR STATEMENT

HB 92 amends the state insurance code by exempting direct care agreements from the definition of insurance. It also, includes conditional language for the Department of Health and Social Services to apply for a State Plan Amendment with the Centers for Medicare & Medicaid Services to allow for direct care agreements for and, if approved, requires that providers accept Medicare and Medicaid patients up to 20 percent of their patient population. This bill does not mandate that direct care practices be formed, it only exempts them from regulation by the division of insurance.

Direct care agreements consist of a practitioner or group of physicians who contract with individual patients to provide care outlined in a contract for a monthly, quarterly or semi-annual fee. The relationship between physician and patient is contractual and the contractual relationship can be altered or amended by the same means that already govern existing contractual relationships. Through this arrangement patients gain access to as much care as they need.

Under existing care models, a patient sees a doctor and then the doctor bills the patient's insurance. In a direct care practice, no bill is submitted to a third-party payer. The only money exchanged is the patient's monthly, quarterly or semi-annual membership payments. This arrangement liberates the physician from all involvement with insurance and are relieved from paperwork required by payers. Physicians have more time to spend on direct patient care.

The American Academy of Family Physicians "Principles for Reform of the U.S. Health Care System" holds that: "Less complicated administrative systems are essential to reduce costs, create a more efficient health care system, and maximize funding for health care services."

HB 92 creates an environment where a new market for the delivery of health care can exist and grow by allowing direct care agreements to create a less complicated administrative system.