Tell Congress All Americans Need Access to Affordable Primary Care

Contact your U.S. Senators and Representatives today and ask them to co-sponsor

The Primary Care Enhancement Act (H.R. 365 – S. 1358)

The Primary Care Enhancement Act, H.R. 365/S. 1358, clarifies two small provisions in the tax code that direct primary care (DPC) arrangements are not health plans and fees paid to DPC doctors are qualified medical expenses. It is a bipartisan bill sponsored by Reps. Eric Paulsen (R-MN) and Earl Blumenauer (D- OR), members of the Ways and Means Committee and Sens. Bill Cassidy, MD (R-LA) and Maria Cantwell (D- WA), members of the Senate Finance Committee.

Direct Primary Care arrangements are a membership-based alternative payment model for primary care in which patients, employers, or health plans pay the doctor monthly or periodic fees directly for unlimited access to primary care and prevention services. DPC affords the patient more time with the doctor—as much or more than an hour per visit if needed; DPC allows the doctor the time to build a true relationship with their patients so they can better understand their health needs. Regardless of who's paying for the arrangement, DPC services are always defined by a direct agreement between doctor and patient completely outside of insurance, third party fee for service billing. DPC has shown significantly reduced administrative costs and improved health outcomes. Employers report up to 20% savings on the total cost of care for their employees in DPC arrangements simply by providing better health care up front in the primary care setting, where it is affordable, and by drastically reducing administrative expenses because no one ever files a claim to get paid for their care.

Health Savings Accounts are experiencing exponential growth. As of June 2017, over 21 Million Americans are using HSAs, and accounts have increased by 23% in a single year from June 2016. Under the current IRS interpretation of the tax code, anyone with a DPC arrangement is ineligible to fund an HSA. While DPC arrangements make great sense for those with HSAs paired with HDHPs, current IRS interpretation of the HSA rules in the tax code make DPC completely incompatible with HSAs. The RS does not consider primary care delivered in a periodic fee a qualified medical expense. Rather, they consider DPC practices a form of "health plan," even though 23 other states have passed laws defining DPC as a medical service and not a health plan. Even HHS rules on essential health benefits considers DPC a medical service, not a health plan. IRS is virtually the only state or federal regulator that views what these doctors do—primary care—as a form of health plan.

The Tax Code Needs This Clarification. HSA rules were written before DPC existed, and need to be updated; The IRS has told the DPC coalition that the law needs to change, but they do not have the authority to make the changes through rulemaking or guidance.

Support for the Bill. Patient and physician groups, employers and brokers strongly support the bill. The bill is one of a very few HSA reforms supported by both Democrats and Republicans in Congress. The White House is very supportive and the administration is rolling out a Medicare and Medicaid DPC demonstration. They believe making these changes will be important to ensure that practices participating in a CMS demonstration will have a balanced payer mix including employers in addition to Medicare and Medicaid beneficiaries.

Score and Cost. Although the bill has not been scored, we do not believe the legislation will score with any costs to the Treasury; it will simply take dollars out of existing HSA accounts and allow them to be used to pay for significantly enhanced primary care services for Americans of all incomes. It will also help to reduce downstream expenses and potentially reduce costs to Medicare.

Please Co-Sponsor The Bipartisan Primary Care Enhancement Act today!