

November 13, 2024

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, DC 20515

The Honorable Mike Johnson  
Speaker  
United States House of Representatives  
Washington, DC 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, DC 20515

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
Washington, DC 20515

Dear Leader Schumer, Leader McConnell, Speaker Johnson, and Leader Jeffries:

We, the undersigned organizations representing physicians, employers, and health benefits advisors in the United States, ask your support to enact two bipartisan health care bills that will build better access to life-changing primary care through a Direct Primary Care (DPC) arrangement for the 141 million Americans currently ineligible:

The **Primary Care Enhancement Act (H.R. 3029/S. 628)** makes a long-overdue correction to the Tax Code, ensuring better access to primary care for the 61 million Americans enrolled in health savings account (HSA)-qualified high-deductible health plans (HDHP); and

The **Medicaid Primary Care Improvement Act (H.R. 3836)** expands access to better primary care for the 80 million Americans enrolled in Medicaid.

Please do not adjourn the 118th Congress without acting on this critical legislation to improve primary care for millions of Americans.

Primary care in America is in crisis today. Even though primary care is the backbone of patient care, over 100 million Americans—nearly one third of the nation—do not have access to a usual source of primary care.<sup>1</sup> That presents a great concern for employers who need a healthy workforce to support and grow their businesses. To make matters worse, more than 145,200 clinicians exited the healthcare workforce in 2021 and 2022, with physicians in internal medicine and family practice doctors leaving the field at the greatest rate<sup>2</sup>—all when we need more primary care, not less.

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<sup>1</sup> *Closing the Primary Care Gap: How Community Health Centers Can Address the Nation's Primary Care Crisis*, NAT'L ASS'N CMTY. HEALTH CTRS., 3 (Feb. 2023), <https://www.nachc.org/wp-content/uploads/2023/06/Closing-the-Primary-Care-Gap-Full-Report-2023-digital-final.pdf>.

<sup>2</sup> Ethan Popowitz, *Addressing the Healthcare Staffing Shortage*, DEFINITIVE HEALTHCARE, 4 (Sept. 2023), <https://www.definitivehc.com/sites/default/files/resources/pdfs/Addressing-the-healthcare-staffing-shortage-2023.pdf>.

There is, however, one segment of primary care that is growing rapidly, fueled by employers who are clamoring for integrated, coordinated primary care for their employees: Direct Primary Care.

Employers who sponsor health benefits for their workforce want a better health care experience and better health results for their employees. It continues to be unaffordable and unsustainable for the U.S. to pay increasingly more each year for our healthcare system only to get worse results. Increased affordability and better health outcomes start with primary care. *Medical Economics* recently found that DPC arrangements are growing annually on average by 36 percent, reaching a total growth rate of 241 percent from 2017–2021.<sup>3</sup> Growth like this in DPC arrangements demonstrates the increased demand patients have for high-quality, patient-centered care.

DPC is a value-based payment model, a direct agreement between the provider and the patient (or employer) for medical services outside of insurance or third-party fee-for-service (FFS) billing and defined as an Essential Health Benefit.<sup>4</sup> Patients in DPC have a personal relationship with a primary care physician of their choice—a benefit they need and love. All the care in a DPC arrangement is provided in exchange for a low, flat monthly fee averaging around \$70 per month. This fee exclusively pays for all the patient’s primary care without utilizing insurance, completely outside the misaligned financial incentives and administrative costs of third-party FFS reimbursement. Fees are typically paid up front, and since there is no need to be paid for a “visit” in DPC, care is delivered in any setting convenient to the patient and appropriate for the care being provided—typically same- or next-day through a traditional in-office visit or through virtual or telehealth care. Employers typically offer DPC in addition to a traditional medical plan, which covers a patient’s care needs beyond the primary care setting. In these instances, a DPC practitioner often serves additionally as a navigator and advocate for their patients as they access specialty care.

Employers account for a significant amount of the recent growth in DPC. A 2020 Milliman study conducted for the Society of Actuaries reported that employers who offer a DPC arrangement alongside an employer-sponsored health plan have shown a reduction in the cost of—and demand for—health care services outside of primary care.<sup>5</sup> Employers who offered DPC in addition to a PPO-style plan had 19.90% lower claims costs, 40% fewer ER visits than those in traditional plans, 53.6% reduction in ER claims costs, and 25.54% lower hospital admissions on an unadjusted basis.<sup>6</sup> Direct primary care is proven to reduce health care costs for patients and employers.

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<sup>3</sup> Todd Shryock, *High Cost of Health Care May be Boosting Direct Primary Care Membership*, MED. ECON. (Apr. 28, 2022), <https://www.medicaleconomics.com/view/high-cost-of-health-care-may-be-boosting-direct-primary-care-membership>.

<sup>4</sup> See Affordable Care Act, Pub. L. No. 111-148, § 1301(a)(3), 124 Stat. 119, 217 (2010).

<sup>5</sup> Fritz Busch et al., *Direct Primary Care: Evaluating a New Model of Delivery and Financing*, MILLIMAN, 29 (May 2020), <https://www.soa.org/49c889/globalassets/assets/files/resources/research-report/2020/direct-primary-care-eval-model.pdf>.

<sup>6</sup> *Id.* at 27–35.

According to the Kaiser Family Foundation, about 30% of covered employees—or 61 million Americans—are enrolled in an HSA-qualified HDHP,<sup>7</sup> which bars them from participating in a DPC arrangement if they have a funded HSA according to the Internal Revenue Service (IRS). Currently, the IRS considers DPC to be a form of health plan or insurance under Section 223(c) of the Internal Revenue Code. The *Affordable Care Act* (ACA) defined DPC as a “primary care service”—not insurance—and since then thirty-four states have passed legislation or promulgated regulations that define DPC as a medical service outside of insurance reimbursement. These state laws ensure DPC practices are regulated by state medical boards instead of insurance regulators—harmonizing state insurance laws with the ACA’s defining DPC as a medical service rather than as an insurance product.

The House Committee on Ways and Means passed H.R. 3029 as part of a bipartisan health care package in September 2023 to provide a simple correction to this problem in the tax code. Additionally, after the House Committee on Energy and Commerce passed H.R. 3836 unanimously, the full U.S. House of Representatives unanimously passed H.R. 3836 under Suspension in March to allow CMS to work with states that choose to offer DPC arrangements for their Medicaid populations.

Congress has waited long enough to act. We urge to you pass the *Primary Care Enhancement Act* and the *Medicaid Primary Care Improvement Act* to ensure 141 million Americans can have full access to primary care. By expanding access to Direct Primary Care we can improve primary care for all Americans and reduce health care costs.

Sincerely,

American Academy of Family Physicians  
American Benefits Council  
American Osteopathic Association  
Business Group on Health  
Corporate Health Care Coalition  
Direct Primary Care Coalition  
Health Rosetta  
HR Policy Association  
National Association of Benefits and Insurance Professionals  
Partnership for Employer-Sponsored Coverage (P4ESC)  
Purchaser Business Group on Health  
Self-Insurance Institute of America, Inc.  
Society of Professional Benefit Administrators  
The ERISA Industry Committee

Cc: Senate Finance Committee Chairman Ron Wyden and Ranking Member Mike Crapo; House Ways and Means Committee Chairman Jason Smith and Ranking Member Richie Neal; Senate Health, Education, Labor and Pensions Committee Chairman Bernie Sanders and Ranking Member Bill Cassidy; House Energy & Commerce Committee Chair Cathy McMorris Rogers and Ranking Member Frank Pallone.

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<sup>7</sup> *High Deductible Plans*, Peterson-KFF: Health System Tracker (last accessed Oct. 10, 2024), <https://www.healthsystemtracker.org/indicator/access-affordability/percent-covered-workers-high-deductible-health-plans/>.