

Direct Primary Care LEGISLATION

# THE PRIMARY CARE ENHANCEMENT ACT

The **bipartisan** Primary Care Enhancement Act was passed by the Ways and Means Committee on **September 28, 2023.**

Please **Co-Sponsor H.R. 1026** and ask leadership to include this important primary care reform in a **healthcare package this year!**

## MAKE DPC COMPATIBLE WITH HDHP/HSA PLANS



A 2023 study shows that **more than half of all Americans are enrolled in High Deductible Health Plans (HDHP)** that are linked to a Health Savings Account (HSA). **But current IRS rules prohibit HSA holders from having a Direct Primary Care agreement because IRS treats DPC as a form of health insurance, or “other” coverage that makes individuals with an HDHP ineligible to fund an HSA.** No matter what you think about HSAs or HDHPs, their impact has created a major federal stumbling block for Americans who need better access to primary care. DPC provides individuals with seamless access to a primary care physician of their choice, in an arrangement that many employers are willing to pay for. The IRS rules were established back in 2003, and have never been changed. **It's time to change these antiquated rules today.**



## HOW CAN DPC HELP AMERICANS ACCESS BETTER PRIMARY CARE?

As Americans are feeling the strain caused by a post-pandemic **shortage in primary care**, DPC arrangements can provide primary care medical services in any setting—in the clinic or using virtual care—without the presence of insurance copays or deductibles as a barrier to access; usually for less than the cost of a monthly cell phone bill. **Patients love DPC** because they get access to a physician of their choice who knows their name and history without spending an entire visit looking at a computer screen to understand why they are here. **Doctors love it** because they get to practice medicine the way they were trained without having to memorize 10,969 billing codes that describe the medical procedures. **Employers love it** because they can offer DPC as part of a health benefit that employees love and value. Furthermore, a **2020 Milliman Study for the Society of Actuaries says that employers who offer DPC as a part of a health benefit had almost 20% lower claim costs than employees who just had health insurance.**

## PRIMARY CARE ENHANCEMENT ACT AS AN IRS SOLUTION



The **Primary Care Enhancement Act (H.R. 1026)** fixes these antiquated IRS rules ( 26 U.S. Code § 223 (c) ) with a simple correction to the Internal Revenue Code that creates an exception for high value DPC arrangements to rules that are now improperly defined as a health plan making an individual ineligible to fund an HSA. The Primary Care Enhancement Act clarifies that:

- DPC is not health insurance for the purposes of HSA rules in the tax code.
- Pre-tax HSA funds may be used to pay for DPC fees.
- DPC agreements under \$150 per month will not be treated as a health plan or coverage that makes an individual ineligible to contribute to an HSA. Higher dollar “concierge” agreements are not included.

**Over 33 States have passed bipartisan laws defining DPC arrangements** as medical services outside of state insurance regulation. HHS Rules for the Affordable Care Act Section 1301(a)(3) define DPC arrangements are “not insurance companies.” **The IRS is the only regulator in the US that sees DPC as a form of insurance.**