



Department of Consumer and Business Services

350 Winter Street NE, Room 200

P.O. Box 14480

Salem, Oregon 97309-0405

(503) 947-7872

www.cbs.state.or.us

Before the
Senate Health Care, Human Services and Rural Health Policy Committee

March 9, 2011

Senate Bill 86

Testimony of
Teresa Miller, Administrator
Insurance Division
Department of Consumer and Business Services

For the record, my name is Teresa Miller. I am the Administrator of the Insurance Division of the Department of Consumer and Business Services. I am here today to discuss SB 86, regarding retainer medical practices.

A retainer medical practice differs from the standard insurer/provider model of healthcare by charging a periodic fee for access to certain services of a particular doctor or clinic. These practices are often called concierge, boutique, or direct care practices. Fees and the level of services vary depending on the practice. Often, physicians provide a limited number of preventive care services, but higher-priced practices may provide unlimited services, direct access to doctors, and other amenities.

Providers first brought the retainer medical practices issue to the department's attention. Over the last couple of years, more and more providers

have contacted us with questions and concerns about whether starting a retainer medical practice would violate the Insurance Code. Because physicians who operate retainer practices are accepting a risk in exchange for providing a benefit, many of these arrangements could be considered insurance and may be subject to the requirements of the Insurance Code. Applying the Insurance Code to retainer medical practices would likely result in the elimination of an industry that appears to be providing useful benefits to many consumers. On the other hand, consumers may confuse medical retainer practices for insurance and not understand what they are buying.

Although the department is not aware of the number of medical retainer practices in Oregon, the increasing number of calls to our office would suggest these practices are increasing in numbers in recent years. Senate Bill 86 is the department's proposal to address this emerging issue by exempting retainer medical practices from the Insurance Code as long as the practice is certified by the department and meets certain standards to ensure patients are protected. These standards include requirements that the retainer medical practice:

- Must prominently disclose to prospective patients the specific services offered by the practice. They also must disclose the fact that the practice is not insurance, that the practice does not provide comprehensive health care, and that patients must pay for all services not specified in the contract.
- May not use or disseminate any marketing, advertising, promotional, or sales materials that are false, deceptive, or misleading.

Senate Bill 86 gives the department the authority to deny, suspend, or revoke a certification or take other necessary actions if a retainer medical practice does not meet the consumer protection standards outlined above. Our goal with this legislation was to provide the best of both worlds: protecting consumers by requiring clear disclosure of the nature of the arrangement, while allowing a business model that appears to be providing benefits to many consumers who might otherwise be unable to access health care.

Finally, Senate Bill 86 is based in large part on Oregon's current Discount Medical Plan statute, which establishes a registration program for Discount Medical Plans. I attached to my testimony the 3-page initial application form and 1-page renewal form developed by the department to register Discount Medical Plans. Although these programs will be different in some respects, I am including this information to give you an idea of what an application and renewal form for certification of a retainer medical practice may look like.

I appreciate the opportunity to be here and am happy to answer any questions you might have. Thank you.