



SF 81 – Medicaid, Direct Primary Care (LSB1713XS)

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Fiscal Note Version – New

Description

[Senate File 81](#) requires the Department of Human Services (DHS) to develop and oversee a pilot program beginning January 1, 2022, and ending December 31, 2023, to allow childless adults and pregnant women to receive primary care health services through a direct primary care arrangement (DPCA), with the Iowa Medicaid Enterprise (IME) acting as the third-party payor for services utilizing State-only funds.

Background

A DPCA is a contract between a primary care provider and a patient, under which the provider agrees to deliver primary care services in exchange for a monthly fee. Under the traditional DPCA model, the provider does not accept insurance reimbursement, and patients' fees cover outpatient, nonspecialty services such as preventive services, basic lab services, and chronic disease management. The DPCA typically does not include coverage of prescription drugs, specialty care services, hospitalization, or most other benefits provided by a medical insurance policy.

Assumptions

- There are approximately 199,000 Iowa Health and Wellness Plan members and 30,000 pregnant women enrolled in Iowa Medicaid who would be eligible for a pilot program.
- A DPCA would cost between \$50 and \$150 per member per month (PMPM) for each member who elects to participate in the pilot program.
- The new pilot program will be funded with 100.0% State funds.
- There may be a small decrease in the PMPM capitation payment paid to the managed care organizations (MCOs) for each individual enrolled in the pilot program. The amount of change would depend on benefit design for the new program, including which primary care services are included or excluded.

Fiscal Impact

The fiscal impact for SF 81 cannot be determined until the scope of the pilot program is defined, although the cost is assumed to range between \$50 and \$150 PMPM depending on the benefits provided. A small portion of the increased cost may be offset by lower PMPM capitation payments to the MCOs due to reduced cost of primary care services.

Sources

Department of Human Services
Commonwealth Fund

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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