

**House File 289 - Introduced**

HOUSE FILE 289

BY FRY

**A BILL FOR**

1 An Act relating to direct health care agreements, and including  
2 effective date and applicability provisions.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 135N.1, Code 2021, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 **135N.1 Direct health care agreements.**

4 1. *Definitions.* For the purpose of this section:

5 a. "*Direct health care agreement*" means an agreement between  
6 a provider and a patient, or the patient's representative, in  
7 which the provider agrees to provide health care services for a  
8 specified period of time to the patient for a service charge.

9 b. "*Durable power of attorney for health care*" means the same  
10 as defined in section 144B.1.

11 c. "*Health care services*" means services for the diagnosis,  
12 prevention, treatment, cure, or relief of a health condition,  
13 illness, injury, or disease. "*Health care services*" includes  
14 dental care services.

15 d. "*Patient*" means an individual, or an individual and the  
16 individual's immediate family, that is a party to a direct  
17 health care agreement.

18 e. "*Patient's representative*" means a parent, guardian, or  
19 an individual holding a durable power of attorney for health  
20 care for a patient.

21 f. "*Provider*" means a health care professional licensed,  
22 accredited, registered, or certified to perform health care  
23 services consistent with the laws of this state. "*Provider*"  
24 includes an individual health care professional or other  
25 legal health care entity alone or with other health care  
26 professionals professionally associated with the individual  
27 health care professional or other legal health care entity.

28 g. "*Service charge*" means a charge for health care services  
29 provided by a provider to a patient covered by a direct health  
30 care agreement. "*Service charge*" may include a periodic  
31 retainer, a membership fee, a subscription fee, or a charge in  
32 any other form paid by a patient to a provider under a direct  
33 health care agreement.

34 2. *Requirements for a valid direct health care agreement.*

35 a. In order to be a valid agreement, a direct health care

1 agreement must meet all of the following requirements:

2 (1) Be in writing.

3 (2) Be signed by the provider, or an agent of the provider,  
4 and the patient or the patient's representative.

5 (3) Describe the scope of the health care services covered  
6 by the direct health care agreement.

7 (4) State each of the provider's locations where a patient  
8 may obtain health care services and specify any out-of-office  
9 health care services that are covered under the direct health  
10 care agreement.

11 (5) Specify the service charge and the frequency at which  
12 the service charge must be paid by the patient. A patient  
13 shall not be required to pay more than twelve months of a  
14 service charge in advance.

15 (6) Specify any additional costs for health care services  
16 not covered by the service charge for which the patient will  
17 be responsible.

18 (7) Specify the duration of the direct health care  
19 agreement, whether renewal is automatic, and if required, the  
20 procedure for renewal.

21 (8) Specify the terms and conditions under which the direct  
22 health care agreement may be terminated by the provider.  
23 A termination of the direct health care agreement by the  
24 provider shall include a minimum of a thirty-calendar-day  
25 advance, written notice to the patient or to the patient's  
26 representative.

27 (9) Specify that the direct health care agreement may be  
28 terminated at any time by the patient upon written notice to  
29 the provider.

30 (10) State that if the direct health care agreement is  
31 terminated by either the patient or the provider all of the  
32 following apply:

33 (a) Within thirty calendar days of the date of the notice of  
34 termination from either party, the provider shall refund all  
35 unearned service charges to the patient.

1 (b) Within thirty calendar days of the date of the notice  
2 of termination from either party, the patient shall pay all  
3 outstanding earned service charges to the provider.

4 (11) Include a notice in bold, twelve-point type that states  
5 substantially as follows:

6 NOTICE. This direct health care agreement is not health  
7 insurance and is not a plan that provides health coverage for  
8 purposes of any federal mandates. This direct health care  
9 agreement only covers the health care services described in  
10 this agreement. It is recommended that you obtain health  
11 insurance to cover health care services not covered under this  
12 direct health care agreement. You are personally responsible  
13 for the payment of any additional health care expenses you may  
14 incur.

15 b. The provider shall provide the patient, or the patient's  
16 representative, with a fully executed copy of the direct health  
17 care agreement at the time the direct health care agreement is  
18 executed.

19 3. *Application for a direct health care agreement.* If  
20 a provider requires a prospective patient to complete an  
21 application for a direct health care agreement, the provider  
22 shall provide a written disclaimer on each application that  
23 informs the prospective patient of the patient's financial  
24 rights and responsibilities and that states that the provider  
25 will not bill a health insurance carrier for health care  
26 services covered under the direct health care agreement. The  
27 disclaimer shall also include the identical notice required by  
28 subsection 2, paragraph "a", subparagraph (11).

29 4. *Notice required for changes to the terms or conditions of*  
30 *a direct health care agreement.*

31 a. A provider shall provide at least a sixty-calendar-day  
32 advance, written notice to a patient of any of the following  
33 changes to a direct health care agreement:

34 (1) Any change in the scope of the health care services  
35 covered under the agreement.

1 (2) Any change in the provider's locations where the patient  
2 may access health care services.

3 (3) Any change in the out-of-office services that are  
4 covered under the direct health care service agreement.

5 (4) Any change in the service charge.

6 (5) Any change in the additional costs for health care  
7 services not covered by the service charge.

8 (6) Any change in the renewal terms.

9 (7) Any change in the terms to terminate the agreement.

10 *b.* A provider shall provide the notice by mailing a letter  
11 to the last known address of the patient that the provider has  
12 on file. The postmark date on the letter shall be the first day  
13 of the required sixty-calendar-day notice period.

14 5. *Discrimination based on an individual's health status.* A  
15 provider shall not refuse to accept a new patient or  
16 discontinue care of an existing patient based solely on the new  
17 patient's or the existing patient's health status.

18 6. *A direct health care agreement is not insurance.*

19 *a.* A direct health care agreement shall be deemed to not  
20 be insurance and shall not be subject to the authority of the  
21 commissioner of insurance. Neither a provider or an agent of a  
22 provider shall be required to be licensed by the commissioner  
23 to transact the business of insurance in this state, or to  
24 obtain a certificate issued by the commissioner to market or  
25 offer a direct health care agreement.

26 *b.* A provider shall not bill an insurer for a health care  
27 service provided under a direct health care agreement. A  
28 patient may submit a request for reimbursement to an insurer  
29 if permitted under the patient's policy of insurance. This  
30 paragraph does not prohibit a provider from billing a patient's  
31 insurance for a health care service provided to the patient by  
32 the provider that is not covered under the direct health care  
33 agreement.

34 7. *Third-party payment of a service charge.* A provider  
35 may accept payment of a service charge for a patient either

1 directly or indirectly from a third party. A provider may  
2 accept all or part of a service charge paid by an employer  
3 on behalf of an employee who is a patient of the provider.  
4 A provider shall not enter directly into an agreement with  
5 an employer relating to a health care agreement between the  
6 provider and employees of the employer, other than an agreement  
7 to establish the timing and method of the payment of a service  
8 charge paid by the employer on behalf of the employee.

9 8. *Sale or transfer of a direct health care agreement.* A  
10 direct health care agreement shall not be sold or transferred  
11 by a provider without the prior written consent of the patient  
12 who is a party to the direct health care agreement. A patient  
13 shall not sell or transfer a direct health care agreement to  
14 which the patient is a party.

15 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate  
16 importance, takes effect upon enactment.

17 Sec. 3. APPLICABILITY. This Act applies to direct health  
18 care agreements that are fully executed on or after the date  
19 of enactment.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill relates to direct health care agreements.

24 Current law allows certain primary care health professionals  
25 to enter into a direct primary care agreement with a patient  
26 to provide certain primary care health services for a set  
27 service charge that covers a specific period of time. The bill  
28 broadens the types of health care professionals that may enter  
29 into a direct health care agreement to include health care  
30 professionals that perform health care services. "Health care  
31 services" is defined in the bill as services for the diagnosis,  
32 prevention, treatment, cure, or relief of a health condition,  
33 illness, injury, or disease, and includes dental care services.

34 The bill takes effect upon enactment and applies to direct  
35 health care agreements that are fully executed on or after the

1 date of enactment.