AMERICANS FOR PROSPERITY

Direct Primary Care

Americans for Prosperity empowers people to earn success, contribute to their communities, and live meaningful lives. This requires a health care system that helps more people access better care at a lower cost—where health care providers compete to offer the best health care products and services at the best prices that meet the needs of patients. Unfortunately, many state and federal laws act as barriers to access and innovation.

One way to help providers effectively meet the needs of patients is to reform state regulations that prevent physicians and other health care providers from practicing direct primary care.

WHAT IS DIRECT PRIMARY CARE?

Direct Care (DPC) is a new and innovative arrangement that growing numbers of physicians are offering to provide better and more affordable primary care for patients. Unlike traditional doctors who bill on a fee-for-service basis, DPC doctors provide patients unlimited access to high-quality medical services, including chronic disease treatment, clinical and laboratory services, and comprehensive care management in exchange for a flat monthly membership fee.

EXPANDING DIRECT PRIMARY CARE RESULTS IN BETTER CARE AT LOWER COST

The current third-party fee-for-service system delivers poorer quality care at higher costs to patients. The compliance costs involved with billing and negotiating with insurance companies account for 40 percent of the average doctor's overhead expenses and consume half of their workday, leaving less time to care for patients.

As a result of America's cumbersome third-party reimbursement system, growing numbers of physicians are considering leaving the practice of medicine, exacerbating state physician shortages. According to the U.S. Department of Health and Human Services, nearly 80 million Americans live in communities that face a physician shortage.

These primary care shortages impose long-lasting and even fatal harm on America's most vulnerable patients. Individuals who lack a reliable source of primary care experience delays in diagnosis, pay higher health care costs, and die earlier than patients who can regularly access basic medical care.

WHY STATES NEED DIRECT PRIMARY CARE

Empowering health care providers to deliver DPC is a crucial element of comprehensive health care reforms that will improve patient access to high-quality health care. Since DPC practices spend significantly less on overhead expenses, they can afford to work with smaller patient panels and spend more time with each patient. DPC physicians on average spend more than four times as much time with their patients as traditional fee-for-service physicians. This allows physicians to develop strong relationships with their patients.

Under DPC's enhanced doctor-patient relationship, physicians can more effectively evaluate patients on a long-term basis and improve health outcomes. A 2018 study of a Colorado-based pilot program found that patients who enter DPC arrangements visit emergency rooms 31 percent less often than individuals who rely on fee-for-service physicians.

Increasing access to DPC will also lower health care costs. A DPC program offered to public employees in North Carolina reduced out-of-pocket costs by 46 percent and reduced

prescription drug spending by 36 percent compared to workers with traditional physicians. Overall, this translated into a 23 percent reduction in overall health care spending, or an annual savings of $3,120 for each patient.

As lawmakers consider their options to remove barriers on direct primary care, they should pursue the following reforms to make their efforts most impactful:

1. **Insurance Regulations:**
   States should define DPC as a non-insurance financial contract in order to exempt these doctor-patient agreements from insurance regulations.

2. **Medication Dispensing:**
   States should authorize DPC providers to dispense medications directly to patients.

3. **Health Savings Accounts:**
   Federal lawmakers should allow individuals with HSAs to enroll in DPC agreements and pay periodic DPC fees with HSA dollars.

4. **Direct Health Care Agreements:**
   States should allow medical practices to deliver any type of health care service through DPC's direct pay model.

March 24th, 2026

Chairs Koegel, O'Driscoll, and Members of the Commerce Finance and Policy Committee,

On behalf of the Americans for Prosperity, I write to express support for House File 1724, legislation that clarifies and protects Direct Primary Care (DPC) agreements in Minnesota through a statutory safe harbor.

Direct Primary Care is an innovative, patient-centered approach to healthcare that removes many of the administrative barriers and cost drivers that have made the traditional system increasingly expensive and inaccessible for families. Under a DPC model, patients pay a simple, transparent monthly fee directly to their physician in exchange for a defined set of primary care services. By eliminating unnecessary third-party bureaucracy, DPC strengthens the patient-doctor relationship, increases price transparency, and often leads to lower overall healthcare costs.

HF 1724 provides an important clarification in statute that DPC agreements are not insurance products. This distinction is essential. Without clear protections in law, innovative care models can face regulatory uncertainty that discourages physicians from offering them and limits options for patients seeking more affordable and personalized care.

At AFP, we believe healthcare policies should empower individuals with more choices, not fewer. Across the country, Direct Primary Care has demonstrated the ability to expand access to routine care, particularly for working families, small business employees, and individuals who struggle with the high costs and complexity of traditional insurance plans. States that have enacted similar protections have seen growth in DPC practices, giving patients greater control over how they access care.

Importantly, HF 1724 does not create new mandates or spending programs. Instead, it removes regulatory ambiguity and ensures that physicians and patients who voluntarily choose this model can do so with confidence. This approach aligns with the broader goal of fostering innovation in healthcare delivery while maintaining clear consumer protections.

Minnesotans deserve a healthcare system that encourages affordability, transparency, and flexibility. By establishing a clear safe harbor for Direct Primary Care agreements, HF 1724 represents a practical step toward expanding options and improving access to care.

For these reasons, we respectfully urge the committee to support House File 1724.

Sincerely,

RaeAnna K. Lee

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AFP MINNESOTA

HF 1724: Direct Primary Care

Establishing a Safe Harbor for Direct Primary Care

What is Direct Primary Care (DPC)?
Direct Primary Care is a patient-centered health care model where individuals pay a flat monthly fee directly to a primary care provider for a defined set of services, without involving insurance. This approach removes the administrative complexity and cost of third-party billing, allowing providers to focus on care rather than paperwork. DPC typically includes unlimited access to primary care services such as check-ups, chronic disease management, preventive screenings, and basic lab work.

Why HF 1724 Matters
Minnesota law currently lacks clarity on how DPC agreements are treated. HF 1724 resolves this by:

- Defining DPC agreements as non-insurance contracts
- Exempting providers from insurance licensing requirements
- Ensuring transparency through written agreements with clear terms
- Protecting patients from discrimination based on health status
- Establishing ethical standards for fair and uniform fee structures

Federal law now allows Direct Primary Care fees and services to be covered by Health Savings Accounts. This allows individuals on a High-Deductible Health Plan to seek preventative and primary care not only at a market rate but on also on a pre-tax basis.

- For your DPC plan to be HSA eligible, monthly fees cannot exceed $150 for an individual or $300 for a family

This legal framework is essential to encourage innovation, expand access, and protect both patients and providers from regulatory uncertainty.

Why DPC Is Needed Now
Minnesotans face rising health care costs, limited access to primary care, and increasing frustration with bureaucratic systems. DPC offers a personalized, affordable alternative that complements existing coverage options and empowers patients to take control of their health care.

- Rural and underserved areas benefit from DPC's flexibility and lower overhead
- Small businesses and entrepreneurs gain access to affordable care without navigating complex insurance markets
- Providers can spend more time with patients and less time on paperwork

HF 1724 gives Minnesotans more control over their health care decisions while reducing costs and improving outcomes.

- Advancing personal options in health care
- Reducing costs and bureaucracy
- Strengthens patient-provider relationships
- Encourages innovation and transparency

- *Minnesota House File 1724, proposed § 62A.01, subd. 5 – Legal Definition and Insurance Exemption for Direct Primary Care Agreements.*
- *Minnesota House File 1724, proposed § 62Q.20 – Requirements for Written Agreements and Transparency.*
- *Minnesota House File 1724, proposed § 62Q.20, subd. 3 – Patient Protections Against Discrimination.*
- *Minnesota House File 1724, proposed § 62Q.20, subd. 4 – Ethical Standards and Uniform Fee Structures.*
- *Minnesota House File 1724, proposed § 62A.011, subd. 3 – Clarification of Health Plan Definitions and Exclusions.*

DPC is Not the Final Answer, but it is a Vital One
While DPC is not a universal solution, it is a proven tool in the fight against rising health care costs and declining access. Multiple studies and pilot programs show significant savings and improved outcomes.

Cost-Saving Evidence from States and Employers
North Carolina pilot program
A state pilot showed:
- 46% reduction in out-of-pocket costs
- 36% reduction in prescription drug spending
- 23% reduction in overall health care spending

Milliman Actuarial Study
A national actuarial analysis found:
- 49.8% reduction in emergency department costs
- 28% reduction in outpatient costs
- 12.8% reduction in inpatient costs

Nebraska Employers
Employers using DPC reported:
- 30–50% lower costs for routine care
- Fewer ER visits and better chronic condition management

Texas Clinics
DPC clinics offer:
- Unlimited primary care for $50–$75/month, compared to $150–$300/month in traditional insurance-based models
- Patients report shorter wait times and more time with doctors

Why Minnesota Needs HF 1724 Now
- Legal clarity will encourage more providers to offer DPC
- Patients deserve choice in how they access care
- Cost savings benefit individuals, families, and employers
- Better outcomes through stronger doctor-patient relationships

HF 1724 empowers patients to choose care that fits their needs while reducing costs and increasing access. DPC is a scalable, proven model that complements broader reforms and innovations in health care.

- *North Carolina Office of State Budget and Management. Regulatory Impact Analysis Overview.*
- *Milliman. Benchmarking Cost and Utilization of Direct Primary Care Services.*
- *Center for Children and Families, Georgetown University. Nebraska Taps Excess Medicaid Managed Care Profits.*
- *Texas Department of Insurance. Primary Care Cost Comparisons and Access.*

State Director: Jake Coleman
Deputy Director: Joshua Solano
Legislative & Coalitions Director: RaeAnna Lee

Chair Koegel, Chair O'Driscoll, and Members of the Committee,

Thank you for the opportunity to comment on HF1724 and Minnesota's effort to establish a statutory framework for Direct Primary Care agreements.

By way of background, I am a family physician practicing in Florida and serve as Chairman of DPC Action, a national policy organization that works with physicians and legislators across the country on Direct Primary Care policy. I am joined in this submission by Dr. Chad Savage, an internal medicine physician practicing Direct Primary Care in Brighton, Michigan, and President of DPC Action.

Direct Primary Care statutes now exist in roughly two-thirds of U.S. states, with more than thirty-five legislatures having enacted laws clarifying that DPC agreements are medical service contracts rather than insurance products. These laws have enabled physicians and patients to enter into voluntary, transparent arrangements for primary care services without unnecessary regulatory complexity.

HF1724 reflects that same objective and represents an important step forward in expanding access to high-quality, affordable primary care in Minnesota.

Direct Primary Care has demonstrated that when physicians and patients are able to contract directly for primary care services, the result is often greater access, more time with physicians, and significantly lower administrative overhead. These arrangements are particularly valuable in underserved and rural communities, where flexibility in care delivery is essential to maintaining access.

Establishing a clear statutory framework that distinguishes Direct Primary Care from insurance regulation allows these models to develop responsibly while preserving appropriate consumer protections.

HF1724 as amended provides a workable and balanced foundation that aligns with the approach taken in many other states and will support the continued growth of Direct Primary Care in Minnesota.

We appreciate the committee's leadership on this issue and respectfully offer our full support for HF1724 as amended.

Sincerely,
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