



**Department of Consumer and Business Services**

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Before the  
**House Committee on Health Care**

May 16, 2011

**Senate Bill 86-A**

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-A, regarding retainer medical practices.

A retainer medical practice differs from the standard medical practice. Rather than a fee-for-service business model, retainer medical practices bill patients periodically for access to certain medical services. 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-A is the department's proposal to address this emerging issue by exempting from the Insurance Code primary care doctors, physician assistants, nurses, naturopaths, acupuncturists, and chiropractors who operate retainer medical practices and register with the Department of Consumer and Business Services and meet certain criteria, including that they:

- Provide specified primary care services to a number of patients that is reasonably within the capability of the practice to provide;
- Are not controlled by an insurance company;
- Do not bill insurers or other third-party payers for services covered under the retainer medical agreement; and
- Make written disclosures including that:
  - The practice isn't insurance;
  - The practice provides a limited scope of services that are provided for in the agreement; and
  - The patient is responsible to pay for all services not included in the agreement.

Senate Bill 86-A 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 and limiting the risk borne by providers to a reasonable and manageable level, 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-A 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.