

**Testimony before the Wisconsin Committee on Public Benefits, Licensing, and State-Federal Regulations**

**Wednesday, January 24, 2018**

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Chairman Chris Kapenga and Members of the Committee:

Thank you for offering me the opportunity to testify today. My name is Charlie Katebi, and I am a state government relations manager for The Heartland Institute, a 33-year old independent national nonprofit organization. Heartland's mission is to develop and promote public policy solutions that expand opportunity and empower people. The Heartland Institute is headquartered in Illinois and focuses on providing national, state, and local elected officials with reliable and timely analyses on important policy issues.

The reforms outlined in [Senate Bill 670](#) to expand direct primary care offer enormous promise for Wisconsinites, especially those on Medicaid who have faced increasing challenges when trying to obtain medical care. Over the past 18 years, Medicaid's share of Wisconsin's budgets has risen from [11 percent](#) to nearly [20 percent](#). These costs burden the taxpayers who pay them, but they also hurt the vulnerable patients who rely on this program.

Medicaid currently reimburses Wisconsin physicians just [64 cents](#) for every dollar they receive from private insurance. And if Medicaid's costs continue to rise, Wisconsin will be forced to further slash payments to physicians, which will make it even harder to serve patients in need.

To ensure Medicaid continues to provide these critical services, Wisconsin must introduce reforms that both lower costs and make it easier for physicians to care for their patients.

One of the most promising reforms is direct primary care. Under this model, physicians opt out of billing for each individual treatment and instead charge a flat monthly payment for routine services. According to physician advocates, private practices could save as much as [40 percent](#) on their operating costs by shifting to direct pay. This is because they no longer have to spend precious time and money billing insurers and can instead spend [more time](#) treating patients, allowing doctors to more effectively treat patients and ensure they remain in good health.

A study in the [American Journal of Managed Care](#) found that individuals who receive direct primary care are 52 percent less likely to enter a hospital than patients with a traditional private practice. The authors concluded that "increased physician interaction is the reason for the lower hospital utilization and ultimately lower healthcare costs."

Wisconsin would likewise generate dramatic taxpayer savings by allowing direct primary care physicians to treat Medicaid patients. In 2015, a county in [North Carolina](#) decided to partner with a direct primary care network called Paladina Health to care for county employees. After just one year, workers that enrolled in direct care spent 23 percent less than those who stayed with conventional physicians. This translated to an annual savings of greater than \$3,000 for each and

every patient.

In conclusion, direct primary care would provide enormous benefits to Wisconsin, and especially those on Medicaid. It simplifies the doctor-patient relationship, enhances health care access, and accomplishes all of this at a price taxpayers can afford.

Thank you for the opportunity to testify on this important issue.

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**For more information about The Heartland Institute's work, please visit our websites at [www.heartland.org](http://www.heartland.org) and <http://news.heartland.org>, or call Charlie Katebi at 312/377-4000 or reach him by email at [ckatebi@heartland.org](mailto:ckatebi@heartland.org).**