

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 6317**  
**OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2       This Act may be cited as the “Primary Care En-  
3 hancement Act of 2018”.

4 **SEC. 2. TREATMENT OF DIRECT PRIMARY CARE SERVICE**  
5 **ARRANGEMENTS.**

6       (a) **IN GENERAL.**—Section 223(c)(1) of the Internal  
7 Revenue Code of 1986 is amended by adding at the end  
8 the following new subparagraph:

9                   “(D) **TREATMENT OF DIRECT PRIMARY**  
10 **CARE SERVICE ARRANGEMENTS.**—

11                   “(i) **IN GENERAL.**—A direct primary  
12 care service arrangement shall not be  
13 treated as a health plan for purposes of  
14 subparagraph (A)(ii).

15                   “(ii) **DIRECT PRIMARY CARE SERVICE**  
16 **ARRANGEMENT.**—For purposes of this  
17 paragraph—

1                   “(I) IN GENERAL.—The term ‘di-  
2                   rect primary care service arrange-  
3                   ment’ means, with respect to any indi-  
4                   vidual, an arrangement under which  
5                   such individual is provided medical  
6                   care (as defined in section 213(d))  
7                   consisting solely of primary care serv-  
8                   ices (as defined in section  
9                   1833(x)(2)(B) of the Social Security  
10                  Act) provided by primary care practi-  
11                  tioners (as defined in section  
12                  1833(x)(2)(A) of the Social Security  
13                  Act, determined without regard to  
14                  clause (ii) thereof), if the sole com-  
15                  pensation for such care is a fixed peri-  
16                  odic fee.

17                  “(II) LIMITATION.—With respect  
18                  to any individual for any month, such  
19                  term shall not include any arrange-  
20                  ment if the aggregate fees for all di-  
21                  rect primary care service arrange-  
22                  ments (determined without regard to  
23                  this subclause) with respect to such  
24                  individual for such month exceed  
25                  \$150 (twice such dollar amount in the

1 case of an individual with any direct  
2 primary care service arrangement (as  
3 so determined) that covers more than  
4 one individual).

5 “(iii) CERTAIN SERVICES SPECIFI-  
6 CALLY EXCLUDED FROM TREATMENT AS  
7 PRIMARY CARE SERVICES.—For purposes  
8 of this paragraph, the term ‘primary care  
9 services’ shall not include—

10 “(I) procedures that require the  
11 use of general anesthesia,

12 “(II) prescription drugs (other  
13 than vaccines), and

14 “(III) laboratory services not  
15 typically administered in an ambula-  
16 tory primary care setting.

17 The Secretary, after consultation with the  
18 Secretary of Health and Human Services,  
19 shall issue regulations or other guidance  
20 regarding the application of this clause.”.

21 (b) DIRECT PRIMARY CARE SERVICE ARRANGEMENT  
22 FEES TREATED AS MEDICAL EXPENSES.—Section  
23 223(d)(2)(C) is amended by striking “or” at the end of  
24 clause (iii), by striking the period at the end of clause (iv)

1 and inserting “, or”, and by adding at the end the fol-  
2 lowing new clause:

3 “(v) any direct primary care service  
4 arrangement.”.

5 (c) INFLATION ADJUSTMENT.—Section 223(g)(1) of  
6 such Code is amended—

7 (1) by striking “and (c)(2)(A)” and inserting “,  
8 (c)(1)(D)(ii)(II), and (c)(2)(A)”, and

9 (2) in subparagraph (B), by striking “clause  
10 (ii)” and inserting “clauses (ii) and (iii)” in clause  
11 (i), by striking “and” at the end of clause (i), by  
12 striking the period at the end of clause (ii) and in-  
13 sserting “, and”, and by inserting after clause (ii) the  
14 following new clause:

15 “(iii) in the case of the dollar amount  
16 in subsection (c)(1)(D)(ii)(II) for taxable  
17 years beginning in calendar years after  
18 2019, ‘calendar year 2018’.”.

19 (b) REPORTING OF DIRECT PRIMARY CARE SERVICE  
20 ARRANGEMENT FEES ON W-2.—Section 6051(a) of such  
21 Code is amended by striking “and” at the end of para-  
22 graph (16), by striking the period at the end of paragraph  
23 (17) and inserting “, and”, and by inserting after para-  
24 graph (17) the following new paragraph: .

1           “(18) in the case of a direct primary care serv-  
2           ice arrangement (as defined in section  
3           223(c)(1)(D)(ii)) which is provided in connection  
4           with employment, the aggregate fees for such ar-  
5           rangement for such employee.”.

6           (c) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to months beginning after Decem-  
8           ber 31, 2018, in taxable years ending after such date.

