

Expanding the Scope of Practice for Advanced Registered Nurse Practitioners and Physician Assistants Would Generate Fiscal Savings While Enhancing High Quality Medical Care



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Executive Summary

Health and Human Services now comprise the largest expense in Florida's budget. Florida appropriated \$29.9 billion (43.3%) of the \$69.2 billion budget for Medicaid and other similar programs in FY2011-12.¹ As millions of Americans enter the health system following the healthcare overhaul in Congress, reducing costs while maintaining effectiveness is becoming a paramount priority.

Expanding the scope of practice for Advanced Registered Nurse Practitioners (ARNPs) and Physicians Assistants (PAs) can generate potential cost savings of \$7 million to \$44 million annually for Medicaid, \$744,000 to \$2.2 million for state employee health insurance, and \$339 million across Florida's entire healthcare system.² It is important to note that these cost savings estimates only include Nurse Practitioners and PAs in primary care. The estimates exclude potential savings derived from additional utilization of Nurse Anesthetists, Nurse Midwives, and Nurse Specialists in their specific fields of care.

Current cost savings estimates would increase substantially if PAs and all four categories of ARNPs and were utilized to the maximum capacity of their education and experience. The \$339 million in savings across Florida includes small businesses and individuals who purchase insurance directly through providers.

This *Briefing* examines the potential effects of expanding the scope of practice for ARNPs and PAs in Florida in order to reduce costs of healthcare services for Floridians.

This *Briefing* also reveals that removing regulatory barriers for ARNPs and PAs presents an opportunity for the Legislature to reduce healthcare costs while augmenting the quality and access of healthcare delivery to Floridians.

1. Florida Legislature Office of Economic and Demographic Research. Florida: A Budget Overview. August 2011. <http://edr.state.fl.us/Content/presentations/Budget/BudgetPictureSummer2011.pdf>

2. OPPAGA Research Memorandum. "Expanding Scope of Practice for Advanced Registered Nurse Practitioners." December 30, 2010.

Introduction

Advanced Registered Nurse Practitioners (ARNPs) and Physician Assistants (PAs) are graduate degree level medical professionals with national and state certification.

There are four categories of ARNPs in Florida: Certified Nurse Practitioner, Certified Nurse Midwife, Certified Nurse Anesthetist and Clinical Nurse Specialist. All are licensed under the general term ARNP. Nurse practitioners and physician assistants work predominately in primary care, while the remaining classes of ARNPs work with their respective fields of specialty.

Throughout the United States, ARNPs and PAs treat both physical and mental conditions through analyzing patient history, conducting physical exams, and interpreting diagnostic tests and results. ARNPs and PAs can diagnose diseases and prescribe appropriate treatment for patients, including prescribing medication.

In many states, ARNPs and PAs serve as the primary healthcare provider for most routine medical visits. However, Florida is one of only two states that significantly restrict the practice of ARNPs and PAs, including prohibiting the prescription of controlled substances.

There are two options for expanding the role of ARNPs and PAs. The first option aligns Florida with the rest of the country, granting ARNPs and PAs prescription authority for controlled substances in collaboration with a physician and within the scope of their practice.

The second, more comprehensive option, currently used in several states across the country, would allow ARNPs and PAs to practice independently of a physician. This practice would include prescription authority for controlled substances and direct billing to Medicaid and insurance providers.

Fiscal and Economic Impacts

Across the country, medical clinics in which ARNPs provide the majority of care have reported substantial initial cost savings in healthcare delivery.

In 2008, the national average annual compensation for nurse practitioners was approximately \$92,000. The average salary for primary care physicians and internists in the same year was \$162,500.³ While physicians are essential in specific areas of medicine, reducing the overlap of services where ARNPs and PAs could provide patient care would generate significant reductions in healthcare costs throughout the state.

Research in Massachusetts has shown that using ARNPs or PAs to their full capacity could save the state up to \$8.4 billion over the next 10 years. In addition, expanding the use of retail clinics staffed primarily by ARNPs could save the state an additional \$6 billion.⁴

The Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) estimated cost savings using fee-for-service claims data for participants in Florida's Medicaid program and health insurance programs provided for state employees.

3. Bauer, Jeffery. "Nurse practitioners as an underutilized resource for health reform: Evidence-based demonstrations of cost-effectiveness." *Journal of the American Academy of Nurse Practitioners*. 22 (2010) 228-231.

4. Eibner CE, Hussey PS, Ridgely MS, McGlynn EA. "Controlling healthcare spending in Massachusetts: an analysis of options." August 2009. www.rand.org/pubs/technical_reports/2009/RAND_TR733.pdf

*Florida Legislature Office of Economic and Demographic Research. Florida: A Budget Overview. August 2011. <http://edr.state.fl.us/Content/presentations/Budget/BudgetPicture-Summer2011.pdf>

The analysis excluded Medicare recipients, early retirees, and Consolidated Omnibus Budget Reconciliation Act (COBRA) recipients. According to the OPPAGA analysis, "the potential cost-savings from expanding scope of practice for ARNPs and PAs ranged from \$7 million to \$44 million annually for Medicaid, \$744,000 to \$2.2 million for state employee health insurance, and \$339 million across Florida's healthcare system."⁵

These cost savings projections are based on the assumption that ARNPs and PAs would take over responsibility for the majority of services rendered during primary care visits.

The range in the OPPAGA cost savings estimates is due to different assumptions for implementing the policy reform in Florida and fails to include all classifications of ARNP. These cost savings estimates only include Nurse Practitioners and PAs in primary care and exclude potential savings derived from further utilizing Nurse Anesthetists, Nurse Midwives, or Nurse Specialists in their specific fields of care.*

According to OPPAGA, Florida's health care system would save an estimated \$339 million annually if ARNPs and PAs handled primary care visits

5. OPPAGA Research Memorandum. "Expanding Scope of Practice for Advanced Registered Nurse Practitioners." December 30, 2010.

* These estimates also fail to capture "incident too" billing which occurs when ARNP's conduct the service for the office visit and the physician bills under their code for the cost of a physician visit.

Research Studies Show that Health Care Services Provided by Physicians, ARNPs and PAs are Comparable

Numerous studies over three decades cite the benefits of expanding the role of ARNPs and PAs nationally. Notably of those findings, an extensive study by the U.S. Office of Technology Assessment revealed that nurse practitioners can be substituted for physicians in a significant portion of medical services ranging from 25 percent in some specialty areas to 90 percent in primary care.⁶

The Cochrane Collaboration, a non-governmental healthcare research organization established in 1993, also produced a detailed review of cumulative literature related to this topic. The Collaboration cited more than 36 objective studies that concluded patient care outcomes are similar. The review also reported that nurse practitioners consistently score better on subjective measures of quality and patient satisfaction.⁷

More recently, a 2010 study released by the New England Journal of Medicine revealed, “The critical factors limiting nurse practitioners’ capacity to practice to the full extent of their education, training, and competence are state-based regulatory barriers.”⁸

Patient acceptance and perceptions of the effectiveness of ARNPs and PAs are another important factor in the expansion of their scope of practice. In Canada, where the majority of health services are provided by the government, ARNPs and PAs are considered just as effective as physicians.

In fact, Canadians generally believe that expanding the role of ARNPs in the healthcare system is both medically and economically necessary and an effective means of controlling costs.⁹ A report by the Ontario Health Human Resource Network revealed that 77 percent of Canadians would be comfortable seeing an ARNP in lieu of a family physician.¹⁰ This comfort level increases to 88 percent when Canadians were asked their preference when being treated at a walk-in clinic.

6. Office of Technology Assessment. (1972-1995). “The cost-effectiveness of nurse practitioners.” Washington, DC: U.S. Government Printing Office.

7. Bauer, Jeffery. “Nurse practitioners as an underutilized resource for health reform: Evidence-based demonstrations of cost-effectiveness.” *Journal of the American Academy of Nurse Practitioners*. 22 (2010) 228-231.

8. Fairman, Julie, Ph.D., R.N., John W. Rowe, M.D., Susan Hassmiller, Ph.D., R.N., and Donna E. Shalala, Ph.D.. “Broadening the Scope of Nursing Practice.” *New England Journal of Medicine*. December 16, 2010.

9. Ontario Health Human Resource Network. “Canadians Very Comfortable With Expanded Role for Nurse Practitioners.” July 2009. http://rorrhs-ohhrrn.ca/index.php?option=com_content&view=article&id=14%3Acanadians-very-comfortable-with-expanded-role-for-nurse-practitioners&catid=10&Itemid=8&lang=en

10. The Ontario Health Human Resources Research Network (OHHRN) is a province-wide network linking health human resource researchers and community decision-makers/partners with the goal of creating and synthesizing high-quality applied health research that addresses complex issues that affect health human resource planning and management. OHHRN is housed within the Faculty of Health Sciences at the University of Ottawa and headed by Dr. Ivy Lynn Bourgeault as Scientific Director.

Expanding Role of ARNPs and PAs Will Improve Access to Healthcare Services in Florida

There is a growing concern about access to primary healthcare services. The aging population of baby boomers coupled with flat graduation rates for primary care physicians is creating shortages, both in Florida and nationally. According to an analysis by the Florida Board of Governors, a quarter of Florida's practicing physicians are over 65 and only 10% are under 35.

Only 2% of medical school graduates are choosing to practice in primary care

To compound this problem, the Journal of the American Medical Association surveyed recent medical schools graduates revealing only 2 percent of new graduates were choosing to practice in primary care. This was attributed to high educational debt, and relatively low salaries when compared to specialty fields of medicine.¹¹

Florida's population is projected to increase 60% by 2030 and the aging population is projected to grow by 124% in the same span. This population expansion will dramatically increase demand for primary care services.¹²

11. Hauer, K. et al. "Factors Associated With Medical Students' Career Choices Regarding Internal Medicine," JAMA. 2008;300(10):1154-1164.

12. Florida Board of Governors Meeting, Nov. 17, 2005, http://www.flbog.org/BOG/meetings/2005_11_17/25_FIU.pdf

Throughout the country, there are a number of areas designated as health professional shortage areas (HPSAs). HPSAs are defined as a geographic area with less than 2.86 primary care physicians per 10,000 residents.

According to the federal government, it would take 16,261 health professionals to meet the need for primary care providers in these designated areas nationwide.¹³

Not surprisingly, a number of rural counties in Florida have been designated by the federal government as HPSAs for primary care. Shortages of physicians in a geographic area can prevent the delivery of timely and appropriate healthcare services for routine medical conditions.¹⁴

Nurse practitioners are a faster and less expensive way to address the primary care shortage. Between three and 12 nurse practitioners can be educated for the same price as one physician, and more quickly.¹⁵

13. Florida Senate. Committee on Health Regulation. "Authorization for Advanced Registered Nurse Practitioners to Prescribe Controlled Substances." October 2008. Interim Report 2009-117

14. Florida Senate. Committee on Health Regulation. "Authorization for Advanced Registered Nurse Practitioners to Prescribe Controlled Substances." October 2008. Interim Report 2009-117

15. Starck PL. "The cost of doing business in nursing education." J Prof Nurse 2005;21:183-190

Option One: Collaborative Prescription Authority

Florida is one of only two states that restrict ARNPs and PAs from prescribing “controlled substances” (i.e., substances that fall under the federal Controlled Substances Act), even with the supervision or collaboration of a physician.¹⁶

Whether the supervision is direct or indirect, the level of supervision is conducted through codified protocol governing patient care, billing, and dispersion of medication. Authority for prescribing “controlled substances” is granted at the discretion of each state with the approval of the Drug Enforcement Administration (DEA) within the U.S. Department of Justice. Concurrently, ARNPs and PAs may prescribe medications that are not “controlled substances.” Under current law:

“ARNPs independently manage common medical problems and may initiate, monitor, alter or order drug therapies as a nursing function, although these acts are medical acts of prescription. Any drug therapy that an ARNP prescribes, initiates, monitors, alters or orders must be within the ARNP’s scope of practice, knowledge, and training, and must be authorized by the supervising physician. The ARNP’s prescribing authority must be outlined in a protocol and the protocol must state that it excludes prescribing controlled substances.”¹⁷

While some physicians and medical associations claim that ARNPs and PAs lack sufficient medical training to prescribe controlled substances and that overprescribing – as well as other potential problems – may result from the expansion of prescription authority, the Florida Medical Directors Association (FMDA) contends that ARNPs and PAs should be granted prescription with the supervision of an attending physician.¹⁸ The FMDA recommends that:

“With the written permission of his or her collaborating/supervising physician(s) and successful completion of mandatory continuing education that ARNPs and PAs be granted the legal authority to prescribe controlled substances in long-term care settings, including skilled nursing facilities, home care, assisted living, residential care, and hospice programs. These settings are very well regulated and controlled by current federal and state governance, as well as other credentialing organizations. Florida and Alabama are currently the only two states where ARNPs and PAs do not have prescribing authority for controlled substances. The other 48 states have given prescribing authority in varying degrees to both of these healthcare providers, and the evidence shows that their prescribing practice habits have been found to mirror those of their physician colleagues.”¹⁹

16. OPPAGA Research Memorandum. “Expanding Scope of Practice for Advanced Registered Nurse Practitioners.” December 30, 2010.

17. Florida Senate. Committee on Health Regulation. “Authorization for Advanced Registered Nurse Practitioners to Prescribe Controlled Substances.” October 2008. Interim Report 2009-117.

18. The FMDA is an official affiliate of the American Medical Directors Association (AMDA). The AMDA is a professional association of medical directors, attending physicians, and others practicing in the long-term care continuum. The AMDA is dedicated to excellence in patient care and provides education, advocacy, information, and professional development to promote the delivery of quality long term care medicine.

19. Florida Medical Directors Association. “Position Statement.” February 10, 2010. www.flarnppac.com

Option Two: Independent Prescription Authority with Direct Billing

Option two would remove the barriers of practice for ARNPs and PAs allowing independent prescription authority and direct billing. A number of Florida-based reviews have concluded that the state should authorize such prescribing authority.

In 1996, the Florida Legislature assigned the Agency for Healthcare Administration to assemble a task force charged with reviewing the prescription authority for ARNPs.²⁰ The *Prescribing of Controlled Substances Task Force* issued a report in December 1997 recommending changes to Florida law to allow ARNPs to prescribe controlled substances after completion of certain approved course and experience requirements.²¹

Florida law neither prohibits nor requires insurance and managed care companies to allow direct billing for ARNPs and PAs. Billing authority and procedures vary widely among states and are specific to each individual company.

In an effort to maximize savings for Florida taxpayers, ARNPs and PAs should be granted the authority to bill independently of a supervising physician—at a lower rate—resulting in lower overall reimbursement costs.

Direct billing procedures for ARNPs and PAs can easily mirror current platforms used by physicians. Florida statutory language should be amended to allow this transaction to occur. This language would also need to include direct billing authority for state sponsored medical programs such as Medicaid.

20. Ch. 96-274 Laws of Florida. The task force researched the benefits of expanding the scope of practice as well as the potential negative effects. In addition, it evaluated the differences in education and clinical training relating to prescribing medication and addressed the potential liability exposure of physicians, pharmacists, and hospitals if ARNPs were permitted to prescribe controlled substances.

21. Florida Senate. Committee on Health Regulation. “Authorization for Advanced Registered Nurse Practitioners to Prescribe Controlled Substances.” October 2008. Interim Report 2009-117. *The original task force report was not accessible for direct citation.

Potential Concerns

The United States is currently facing a growing shortage of primary care providers. An article published by the Center for Workforce Studies projects that by 2025, the U.S. will have an estimated shortage of 124,000 physicians caused by population growth, larger aging populations, and increases in demand following recent changes to healthcare laws.²² Due to this pending shortage, 28 states are now considering expanding the scope of practice for ARNPs and PAs to the extent in which they can satisfy increases in demand and provide the majority of primary care services.²³

Some experts and stakeholders in the medical field caution expanding the scope of practice for ARNPs and PAs. The American Medical Association (AMA) and doctors' groups have been urging state legislators and licensing authorities to exercise caution, arguing patient care could be compromised. The AMA questions whether ARNPs and PAs are sufficiently qualified to render medical care in areas currently restricted to physicians—specifically in prescription methods.²⁴

Despite these concerns, a study by the National Council of State Board of Nursing (NCSBN) surveyed 43 different states and found that of the 184,635 practicing ARNPs, 261 were disciplined by their respective boards in 2009. This equates to a discipline rate of 0.14 percent. Of the 261 disciplined, only 65 (0.037%) were disciplined as a result of prescription concerns.

Additionally, the same study by NCSBN totaled the discipline reports for prescribing reasons for ARNPs participating in *independent*, *collaborative*, and *supervised* practices. The discipline rate for each totaled 14 (0.039%), 23 (0.026%), and 28 (0.056%) respectively. The survey of 175,324 ARNPs with prescription authority reveals that discipline reports were higher when ARNPs are supervised by a physician and *lowest* when practicing *independently*.²⁵

22. The Center for Health Workforce Studies is a not-for-profit research organization whose mission is to provide timely, accurate data and conduct policy-relevant research about the health workforce. The Center's work assists health, professional, and education organizations; policy makers and planners; and other stakeholders to understand issues related to the supply, demand, distribution, and use of health workers.

23. Beaulieu, Debra. "Expanding the roles of Nurse Practitioners stir controversy." *Fierce Healthcare*. April 2010. www.fiercehealthcare.com/story/expanding-roles-nurse-practitioners-stir-controversy/2010-04-14

24. Nash, Brian. "Expanding The Role Of Nurse Practitioners: License To Practice Medicine Without A License." *The Eye Opener*. February, 2010. <http://medicalmalpracticeblog.nashandassociates.com/2010/02/27/expanding-the-role-of-nurse-practitioners-licence-to-practice-medicine-without-a-license/>

25. Hayden, Jennifer. "Autonomy, Prescribing Authority and Board Disciplinary Actions: Results of the NCSBN Study." 2011. National Council of State Board of Nursing. <https://www.ncsbn.org/Hayden.ppt>

Malpractice Liability

In 2009, the total number of independently practicing ARNPs disciplined for prescription violations was 14 of 175,324 or 0.039%

Medical malpractice – i.e., negligence by a healthcare professional who fails to implement the appropriate degree of knowledge, training, and execution in treating a patient – frequently occurs when the provider deviates from the accepted standards of practice within the medical community. If ARNPs and PAs were granted authority to prescribe controlled substances, their potential for malpractice lawsuits may increase due to additional exposure. In order to appropriately address this issue, the Legislature should amend current malpractice laws to encompass claims against ARNPs and PAs.

According to the Committee on Health Regulation, Florida law requires all ARNPs and PAs to document, at initial state certification and biennial renewal, that the practitioner carries malpractice insurance. The insurance must be at least \$100,000 per claim with a minimum annual aggregate of \$300,000 from an insurer. In place of insurance, they may hold an unexpired irrevocable letter of credit with the same standards.²⁶ The Florida Legislature could use current physician malpractice language in reviewing and implementing changes to current statutes.

26. Florida Senate. Committee on Health Regulation. “Authorization for Advanced Registered Nurse Practitioners to Prescribe Controlled Substances.” October 2008. Interim Report 2009-117

Conclusions

Advanced Registered Nurse Practitioners and Physician Assistants are skilled medical professionals with advanced clinical and academic training. Opponents claim patient safety and education deficits compared to physicians are fundamental concerns. However, in primary care settings, ARNPs and PAs can perform an equal quality of service as physicians. Evidence from numerous studies indicate that primary care services, such as wellness and prevention services, diagnosis and management of common uncomplicated acute illnesses, and management

of chronic diseases can be provided by nurse practitioners at least as safely and effectively as by physicians.²⁷

With careful statutory changes in the prescription of controlled substances, direct billing, and malpractice insurance, ARNPs and PAs present an opportunity to achieve cost savings for Florida businesses and taxpayers while maintaining high quality healthcare during a time of increasing demand.

27. Fairman, Julie, Ph.D., R.N., John W. Rowe, M.D., Susan Hassmiller, Ph.D., R.N., and Donna E. Shalala, Ph.D.. “Broadening the Scope of Nursing Practice.” *New England Journal of Medicine*. December 16, 2010.

Policy Recommendation

The Florida Legislature should remove the barriers of practice for Advanced Registered Nurse Practitioners and Physician Assistants by granting authority for the prescription of controlled substances and direct billing to insurance companies and managed care facilities. To achieve these reforms, the Legislature should amend Chapters 456, 464, and 893, Florida Statutes, to clarify and increase the scope of practice for these medical professionals. The Legislature should do so in accordance with state and national certifications and in conjunction with the Drug Enforcement Administration.

Whether the authority to prescribe controlled substances is independent, collaborative, or under the supervision of a physician, Florida should join the rest of the country in allowing these medical professionals to maximize their training and experience while conserving healthcare resources.

The potential positive fiscal and economic impacts highlighted in this *Briefing* are further compounded when ARNPs and PAs are used as replacement providers for all primary care services. The statutory changes recommended in this *Briefing* would result in greater access to health care, a reduction in medical costs, and a direct savings to Florida taxpayers.

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