

## RESEARCH SUMMARY

# Beyond Physicians: The Effect of Licensing and Liability Laws on the Supply of Nurse Practitioners and Physician Assistants

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An important aspect of the healthcare debate in the United States is government policies that restrict the supply of healthcare providers. Occupational licensing and the increased liability risk to healthcare providers resulting from high and unpredictable noneconomic damages awards (e.g., for pain and suffering) are two state-level policies that may be partially to blame for a decreased supply of healthcare providers.

In “[Beyond Physicians: The Effect of Licensing and Liability Laws on the Supply of Nurse Practitioners and Physician Assistants](#),” Benjamin J. McMichael examines these two state policies and concludes that states should relax licensing laws and enact tort reforms, including noneconomic damages caps, which will reduce the liability of nurse practitioners and physician assistants for nonquantifiable injuries such as pain and suffering. These reforms would increase access to healthcare, especially in underserved areas.

## BACKGROUND

Nurse practitioners (NPs) and physician assistants (PAs) are trained to provide many of the services that traditionally only a doctor could provide. Historically, state governments have imposed additional costs and restrictions on nurse practitioners and physician assistants. States may require

- That NP and PA practice be supervised by doctors,
- That NPs and PAs be limited in their ability to prescribe medication, and
- That NPs and PAs maintain malpractice insurance. NPs and PAs bear a higher risk in some states than in others of being held liable for medical malpractice.

Many studies have examined the effect of tort reforms on physicians, but this study is the first to empirically analyze the effects of malpractice reforms on NPs and PAs. It is also the first to examine the effect of occupational licensing laws on the supply of practicing NPs and PAs across all 50 states over time.

## KEY FINDINGS

- Eliminating the occupational licensing laws requiring physician supervision of NPs can help states increase their supply of NPs in areas with the fewest number of practicing physicians—that is, areas most in need of more healthcare professionals. This increase in NP supply does not occur in areas with large supplies of physicians, suggesting that physician supervision requirements tether NPs to physicians and do not allow NPs to practice in areas where they are most needed or would most prefer to practice.

- Changes in NP supply in areas with few practicing physicians actually result in increased access to care. When physician supervision requirements are relaxed, counties with few physicians are less likely to contain a healthcare provider shortage area, suggesting that the increased supply of NPs actually reduces pressure on the existing physician supply and increases access to care.
- Tort reform, specifically a noneconomic damages cap, reduces the legal liability of NPs and PAs, increasing the supply of both professionals in areas with few physicians. Though the effect of tort reform on physician supply has been debated for decades, the examination of its effects on NPs and PAs is new. When a noneconomic damages cap is enacted, the supply of both NPs and PAs in areas with few practicing physicians increases. Tort reform thus increases access to care in areas that lack access.

### **POLICY RECOMMENDATIONS**

To improve access to healthcare, states should consider the following reforms:

- Eliminate, or at least relax, the legal requirement that physicians supervise NPs. This change could substantially increase the number of practicing NPs in areas of the country with few practicing physicians.
- Enact noneconomic damages caps. Limiting the potential liability for NPs and PAs in malpractice lawsuits will increase the supply of both NPs and PAs in areas with few practicing physicians.