



## HEALTHCARE LICENSE TURF WARS

### The Effects of Expanded Nurse Practitioner and Physician Assistant Scope of Practice on Medicaid Patient Access

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Occupational licensing poses a significant barrier to professionals in many industries and has recently come under increased scrutiny as researchers debate its costs and benefits. Increasing licensing requirements for healthcare professionals in particular may be promoted as a measure to improve the quality of care, but the main effect may be to raise costs for patients.

A new study for the Mercatus Center at George Mason University explores how the licensing requirements for physician assistants and nurse practitioners affect medical outcomes for Medicaid recipients. It finds that prohibiting physician assistants from prescribing drugs to patients significantly raises costs, by more than 11 percent on average, translating to about \$109 in extra expenses for each Medicaid beneficiary. Relaxing these restrictions would result in savings for Medicaid beneficiaries and would not cause any changes to the availability of health care.

To read the study in its entirety and learn more about its author, Edward J. Timmons, see [“Healthcare License Turf Wars: The Effects of Expanded Nurse Practitioner and Physician Assistant Scope of Practice on Medicaid Patient Access.”](#)

#### THE GROWING IMPORTANCE OF PHYSICIAN ASSISTANTS AND NURSE PRACTITIONERS

Both the nurse practitioner and the physician assistant professions have grown as consumer preferences have evolved in response to declining access to services. The healthcare industry has faced the following pressures:

- Many Americans would prefer to see either a nurse practitioner or a physician assistant instead of having to wait for an available physician.
- The ability of both professions to respond to increases in demand is limited by occupational requirements that state governments impose.

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State governments have imposed increasingly strict training requirements on both professions, which may include requiring workers to obtain a master's degree before practicing, and many states have imposed additional restrictions on nurse practitioners' and physician assistants' ability to prescribe drugs to patients. In the past decade, states have gradually granted more autonomy to these professionals when it comes to prescribing drugs, but there still remains some variation in how their professions are regulated.

- Two states (Florida and Kentucky) currently do not allow physician assistants to prescribe drugs, while the other 48 do under the supervision of a physician.
- Two states (Alabama and Florida) currently do not allow nurse practitioners to prescribe drugs, 31 allow it under the supervision of a physician, and the other 17 grant nurse practitioners full prescribing authority.

## KEY HIGHLIGHTS

### **Study Design**

This is the first study to estimate the effects of expanded scope of practice on Medicaid patients. It examines spending on prescription drugs and outpatient claims from 1999 to 2012. The study first controls for differences between states such as the state's unemployment rate and profession density. Then, to measure what effect expanded scope of practice has on medical care, the study looks at how restrictions on prescribing drugs affect the following areas:

- *Cost of providing care.* The cost of care is measured by total Medicaid claims per beneficiary, total outpatient Medicaid claims per beneficiary, and total prescription drug Medicaid claims per beneficiary.
- *Access to care.* Access to care is measured by total Medicaid claims and total care days.

### **Expanded Scope of Practice Reduces Costs and Doesn't Harm Access to Care**

Comparing how scope of practice differs among states and has changed over time reveals evidence similar to that shown by the earlier literature on occupational licensing:

- Allowing physician assistants to prescribe drugs is associated with a reduction in the cost of medical care. This reduction is quite large, ranging from 11.8 percent to 14.4 percent, depending on the specification. But the evidence is less convincing that allowing nurse practitioners to prescribe drugs would bring as large a reduction in costs for beneficiaries.
- Broader scope of practice for both physician assistants and nurse practitioners is not associated with any changes in access to care. In other words, the concern that relaxing restrictions would harm access is unfounded.
- Taxpayers also stand to benefit from relaxing occupational licensing laws, because relaxing these laws would reduce the cost of delivering Medicaid services to low-income Americans.

## POLICY RECOMMENDATIONS

State policymakers (and taxpayers) interested in reducing the cost of care for citizens on Medicaid should consider relaxing restrictions on nurse practitioners and physician assistants. The body of research on this topic suggests that allowing nurse practitioners and physician assistants broader scope of practice has little impact on the quality of care delivered, increases access to health care, and also potentially reduces the cost of providing health care to patients. Research shows that broadening the scope of practice for these professions is beneficial for consumers in the healthcare market.