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From the Desk of Edward J. Timmons

February 28, 2018

Chairman Lamar Alexander
United States Senate
455 Dirksen Office Building
Washington, DC 20510

Chairman Alexander,

Thank you for the opportunity to respond to your call for ideas on rising healthcare costs and to discuss scope of occupational licensing regulations with you. Today, occupational licensing is the most important labor market institution in the United States. Over the course of the past 70 years, occupational licensing has gone from affecting 5 percent of the workforce to more than 20 percent today.[1] Occupational licensing is widespread in healthcare occupations—more than 40 percent of workers in the industry are licensed.[2] In addition to erecting barriers to enter health occupations, occupational licensing laws specify the tasks that nonphysician healthcare professionals are permitted to perform. These occupational licensing laws are known as "scope of practice" regulations. Nurse practitioners (NPs), for example, can provide safe and cost-effective primary care to patients. Unfortunately, differences in scope-of-practice regulations restrict this potential.[3] Today, 22 states and the District of Columbia grant NPs full practice authority, permitting nurse practitioners to practice to the full extent of their medical training without the need for approval from a physician.[4] The remaining states require NPs to enter into written collaborative practice agreements with physicians or require direct supervision of NPs, which greatly limits their potential to fill gaps in primary care. Several organizations including the Federal Trade Commission, National Governors Association, and the National Academy of Medicine have recommended that all states grant NPs full practice authority to allow them to assist with meeting growing demand for primary care.[5]

Research suggests that granting NPs full practice authority will not reduce the quality of healthcare. Granting NPs the authority to prescribe without supervision is found to have no effect

[1] Morris M. Kleiner, "Reforming Occupational Licensing Policies" (Discussion Paper No. 2015-01, Brookings Institution, Washington, DC, January 28, 2015).
[2] Bureau of Labor Statistics, "Data on Certifications and Licenses," accessed February 3, 2019, https://www.bls.gov/cps/certifications-and-licenses.htm.
[3] Ying Xue et al., "Full Scope-of-Practice Regulation Is Associated with Higher Supply of Nurse Practitioners in Rural and Primary Care Health Professional Shortage Counties," *Journal of Nursing Regulation* 8, no. 4 (2018): 5–13.
[4] American Association of Nurse Practitioners, "State Practice Environment," accessed February 2, 2019, https://www.aanp.org/advocacy/state/state-practice-environment.
[5] Federal Trade Commission, *Policy Perspectives: Competition and the Regulation of Advanced Practice Nurses*, March 2014; National Governors Association, "The Role of Nurse Practitioners in Meeting Increasing Demand for Primary Care," accessed February 3, 2019, https://classic.nga.org/cms/home/nga-center-for-best-practices/center-publications/page-health-publications/col2-content/main-content-list/the-role-of-nurse-practitioners.html; Institute of Medicine, *The Future of Nursing: Leading Change, Advancing Health* (Washington, DC: National Academies Press, 2011).

on infant mortality rates.[6] Several other studies find no evidence of patients receiving lower-quality care as a result of broader NP scope of practice. Research also supports the notion that granting NPs full practice authority will reduce the cost of care. One study finds evidence of a lower cost of well-baby visits in states where NPs have independent prescription privileges.[7] Another study finds evidence of lower total payments to retail clinics in states that grant NPs full practice authority.[8]

Physician assistants are generally more subordinate to physicians in the healthcare space but can nonetheless play an important role in the delivery of healthcare. In previous research, I have found that the granting of prescription privileges to physician assistants is associated with an 11 percent reduction in the cost of outpatient Medicaid claims.[9] Existing research also supports the hypothesis that granting more autonomy to certified nurse midwives is associated with better health outcomes for patients.[10]

In the area of pain management, physical therapists (PTs) can play a significant role, but many states erect barriers to patients obtaining healthcare from PTs. Patients are permitted to see PTs without physician referral, but there are significant restrictions (for example, caps on the length of time that a patient can see a PT without seeing a physician) that limit the ability of PTs to deliver care. Research has found that if patients see PTs first (without physician referral), they are less likely to be given expensive and invasive treatments (like opioids and advanced imaging). As a result, the treatment for pain is significantly less expensive.[11]

No single nonphysician provider can serve as a perfect substitute, but NPs, physician assistants, certified nurse midwives, and PTs should be playing a greater role in the delivery of healthcare. Unfortunately, state differences with respect to scope of practice limit this potential. A broadening of scope of practice that permits these health professionals to practice to the full extent of their training will allow more patients to receive care and will also reduce the cost of care without sacrificing quality.

Sincerely,

Edward J. Timmons
Professor of Economics, Saint Francis University

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[6] Morris M. Kleiner et al., "Relaxing Occupational Licensing Requirements: Analyzing Wages and Prices for a Medical Service" (NBER Working Paper No. 19906, National Bureau of Economic Research, Cambridge, MA, February 2014).
[7] Ellen T. Kurtzman et al., "Does the Regulatory Environment Affect Nurse Practitioners' Patterns of Practice or Quality of Care in Health Centers?," *Health Services Research* 52, no. S1 (2017): 437–58; Jennifer Perloff et al., "Association of State-Level Restrictions in Nurse Practitioner Scope of Practice with the Quality of Primary Care Provided to Medicare Beneficiaries," *Medical Care Research and Review* (September 1, 2017): 1–30; Jeffrey Traczynski and Victoria Udalova, "Nurse Practitioner Independence, Health Care Utilization, and Health Outcomes," *Journal of Health Economics* 58 (2018): 90–109.
[8] Joanne Spetz et al., "Scope-of-Practice Laws for Nurse Practitioners Limit Cost Savings That Can Be Achieved in Retail Clinics," *Health Affairs* 32, no. 11 (2013): 1977–84.
[9] Edward J. Timmons, "The Effects of Expanded Nurse Practitioner and Physician Assistant Scope of Practice on the Cost of Medicaid Patient Care," *Health Policy* 121, no. 2 (2017): 189–96.
[10] Sara Markowitz et al., "Competitive Effects of Scope of Practice Restrictions: Public Health or Public Harm?" (NBER Working Paper No. 22780, National Bureau of Economic Research, Cambridge, MA, October 2016); Tony Y. Yang et al., "State Scope of Practice Laws, Nurse-Midwifery Workforce, and Childbirth Procedures and Outcomes," *Women's Health Issues* 26, no. 3 (2016): 262–67.
[11] Bianca K. Frogner et al., " Physical Therapy as the First Point of Care to Treat Low Back Pain: An Instrumental Variables Approach to Estimate Impact on Opiod Prescription, Health Care Utilization, and Costs," *Health Services Review* 53, no. 6 (2018): 4629–46.