Chicago
MEDICINE
February 2018 | www.cmsdocs.org

Healthcare Mergers

Less Autonomy for Physicians?

Flu Update

Physicians Help Communities Prosper

Public Health Epidemics

Publication of the Chicago Medical Society
THE MEDICAL SOCIETY OF COOK COUNTY

Physician Manpower Utilization

What does the expanding role of non-physician providers mean for the medical profession?

By Todd A. Zigrang, MBA, MHA, and Jessica L. Bailey-Wheaton, Esq.

"One of the primary concerns about the increasing use and autonomy of non-physician providers is whether the care provided is as safe and efficient as care provided by physicians."

CONCERNS RELATED to the availability and adequacy of the physician workforce have been debated in the healthcare industry for decades. Although often centered on physician supply and demand, these discussions realize the multifactorial nature of patient utilization of the physician workforce for providing care within the current healthcare delivery system. As stated in a 2002 *Health Affairs* editorial, "... a larger health care workforce has hardly been synonymous with a better one." In this article, the current status of the physician workforce, and how the use of non-physician providers (NPPs) could potentially affect future physician utilization, will be discussed.

Healthcare workforce planning has become much more complex than a simple numbers game related to supply and demand, due not only to budget constraints, but also to the changing healthcare environment. Planning now requires that both cyclical factors, such as short-term changes in economic cycles and the current healthcare environment, and structural factors, such as long-term population and disease trends and healthcare infrastructure, be addressed. Additionally, traditional models often evaluated providers within separate "silos," meaning physicians and nurses. More recent models have begun to consider the "plasticity" of healthcare workers, both in terms of horizontal integration among different physician specialties. For example, the provision of obstetrics care by both physicians trained in obstetrics-gynecology and in family practice, and, more recently, vertical integration, the sharing of tasks across different occupational groups such as physicians and NPPs.

The Current Healthcare Workforce

Recent studies by the Association of American Medical Colleges (AAMC) and the Health Resources and Services Administration (HRSA) have both predicted that physician demand is, and will continue to, grow faster than supply, leading to a future shortfall of total physicians. The AAMC has estimated that by 2030, there will be a total physician shortage of 40,800 to 104,900 physicians.

Trends in Physician Supply. As of 2016, there were approximately 272 active physicians, 92 active primary care physicians, and 7.8 active general surgeons per 100,000 population in the U.S. This might be considered adequate if the workforce were appropriately distributed; however, estimated shortages in physician supply fluctuate based on geographic area. As of December 2017, HRSA identified 7,118 health professional shortage areas (HPSA) in primary care. A number of provisions in the 2010 Patient Protection and Affordable Care Act (ACA) have attempted to address this disproportionality by providing funds to underrepresented minorities from rural areas to pursue careers in healthcare (in the hope they might return to these locations to practice); supporting physician recruitment and retention in underserved areas; and encouraging medical students to pursue focused training and experience in rural and urban HPSAs.

There is also growing concern about the number of active physicians nearing retirement age, particularly with the aging baby boomer population. As of 2016, more than 30% of physicians were over the age of 60. Compounding this concern, data have shown that physicians under age 35 are working approximately 13% fewer hours than their older colleagues. These trends, in addition to the stagnant number of new physicians entering the workforce due to the cap on graduate medical education (GME) funding by Medicare, further curtail the supply of physician services.

Trends in Physician Demand. The primary driver of increasing healthcare demand continues to be the growth and aging of the general population. While the U.S. population is projected to grow 12% from 2015 to 2030, the percentage of the population aged 65 and older is projected to grow by 55%. Given that the elderly population comprises only 14% of the total population, but accounts for more than 30% of inpatient procedures and diagnostic treatments, the demand on the healthcare workforce is predicted to concurrently increase with the aging of the population. Additionally, the expansion of health insurance coverage under the ACA, which has increased the number of insured non-elderly people by approximately 19 million from 2010 to 2015, has amplified the demand for physician services. Although the nonpartisan Congressional Budget Office has estimated that the number of uninsured will rise due to the recent repeal of financial penalties related to the individual mandate, it is unknown how this repeal will impact physician demand estimates.

Utilization of NPPs

The expansion of NPP services has been viewed as a strategy to improve access to care, contain healthcare costs, and relieve anticipated physician shortages. Since the concept of nurse practitioners (NP) was first introduced in the 1960s, the role has evolved and is now part of the larger umbrella term of NPPs, otherwise known as mid-level providers; advanced practice registered nurses (APRN); or advanced practice providers. Examples of NPP roles include: physician assistants (PA); certified registered nurse anesthetists (CRNA); and certified

nurse midwives (CNM). Most recently, in 2017, Missouri became the first state to create a new NPP role—the assistant physician (AP)—for those individuals who have completed medical school but not a post-graduate residency program.

The role of the NPP was originally created to expand a primary care physician's workload capacity and allow more patients to access primary care services, particularly in underserved or rural areas. Additionally, health systems could (ideally) improve access to primary care by relieving physicians from performing many basic and necessary, but time consuming, tasks common within primary care, including counseling on lifestyle issues and management of routine screening and preventive care. Delegating these tasks could reduce costs to health systems while allowing nurses opportunities for advancement and increasing the quality of patient care.

In recent years, the role of NPPs within the healthcare industry has expanded. There has been much debate about the appropriate scope of care, including NPP's autonomy to prescribe and supervise services. This scope varies considerably by title, state legislation, and even institutional policy. One of the primary concerns about the increasing use and autonomy of NPPs is whether the care provided is as safe and efficient as care provided by physicians. Multiple studies have addressed this issue, particularly in the realm of primary care, and found that nurse-led care is equivalent to physician care with regard to patient clinical outcomes, safety, and satisfaction.

Estimates predict that the growth rates of NPPs will outpace that of physicians in the coming years. From 2015 to 2030, the projected physician-to-PA ratio is expected to fall from approximately 7:1 to 4:1, and the physician-to-APRN ratio from approximately 4:1 to 2:1. This will impact multiple medical specialties, but most significantly those of anesthesiology; obstetrics and gynecology; and primary care. Data have shown that NPPs are more likely than physicians to pursue primary care. For instance, a 2013 *Health Affairs* study showed that NPs practicing in states with fewer restrictive regulations were 2.5 times more likely to provide primary care to Medicare patients than their counterparts in the most restrictive states.

What This Means for Physicians

Job openings for NPPs are growing at an annual rate of approximately 160%, and it appears unlikely that the growth in the healthcare market for NPPs will decrease any time soon. While physician organizations have historically voiced unease about the potential supplanting of physicians with NPPs, thus far, NPPs have served an important role in caring for underserved communities with unmet needs, and in the future, NPPs likely will be needed to offset the increasing demand for healthcare services, as evidenced by the ongoing (and growing) physician shortage.

The rising number of retail clinics (often staffed by NPPs), and increased utilization of NPPs in general, are expected to supplement unmet demand for physician services, especially in primary care. A growing number of hospitals and health systems are developing partnerships with retail clinics to increase their patient outreach and provide care for many routine medical situations. The NPPs staffing those clinics may be able to unburden physicians, who can delegate the more routine medical treatments to NPPs and focus on higher acuity patients. Further, physicians are being sought out to serve in managerial positions for hospitals, health systems, and commercial payors (medical and service line directors, executive leadership), and to provide clinical input for the purposes of evidence-based medicine in this era of value-based, quality-driven reimbursement.

It has also been shown that physician practices that utilize NPPs typically perform better financially and have higher physician compensation. This may be due in part to increased practice efficiency, allowing physicians to concentrate on more complex patients or procedures. In addition, NPPs who are directly supervised by physicians can bill for 100% (as incident-to billing) of the physician fee schedule, while unsupervised NPPs are typically reimbursed at only 85%, thereby directly increasing practice revenue. As such, it appears that NPP utilization has the ability to augment a physician's practice without supplanting physician services.

Future Workforce Planning Efforts

Of the myriad factors that affect physician workforce planning, the utilization of NPPs remains a valid strategy to positively impact both the supply and demand of healthcare practitioners within the ever-changing healthcare environment. In particular, given the aging of the baby boomer population and an increased focus on the management of chronic diseases (an area in which NPPs have been shown to be effective providers), NPPs have the potential to greatly alleviate the growing demands on the physician workforce. Challenges remain as to NPP scope of practice, as well as the impact on patient care and costs that require continued assessment and evaluation. Notwithstanding this uncertainty, NPPs will likely serve an important role in the healthcare delivery system going forward, providing an already stretched physician workforce the availability to care for higher acuity patients and the time to assume a leadership role and take a meaningful seat at the table in directing the future of the U.S. healthcare delivery system.

Todd A Zigrang, MBA, MHA, is president of Health Capital Consultants, a company based in St. Louis, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Jessica Bailey-Wheaton, Esq., is vice president and general counsel for HCC.

"Physician practices that utilize NPPs typically perform better financially and have higher physician compensation. This may be due in part to increased practice efficiency, allowing physicians to concentrate on more complex patients or procedures."