

# Why Hire a Midlevel Provider for Your Practice or Health System?



UTILIZATION SOLUTIONS  
IN HEALTHCARE, INC.

## *Why Hire A Midlevel Provider for Your Practice or Health System?*

Lisa P. Shock, MHS, PA-C

President/CEO Utilization Solutions in Healthcare, Inc.

In a time of health care reform, medical practices and health systems must find ways to provide high quality health care services while remaining cost effective. Utilization of midlevel health care providers may be part of the solution. Midlevel health care providers are typically defined as physician assistants (PAs) or nurse practitioners (NPs). Both are licensed health care providers credentialed to deliver medical services with physician supervision. Studies suggest that the addition of a midlevel provider to a medical practice may offer enhanced patient satisfaction, improved physician work-life balance, improved revenues and greater access to care for patients.

The health care system is facing a shortage of primary care clinicians. This is critical when looking at health reform and examining the concept of increasing numbers of patients seeking access to medical care under a reformed system. Currently, there is a shortage of primary care physicians and the American Academy of Family Physicians predicts that, if current trends continue, the shortage of primary care physicians will reach 40,000 within 10 years.

Critics of utilizing midlevel providers have offered concerns that patient satisfaction may be impacted, or that the financial investment in adding a midlevel may not be justified. Studies performed at the University of Texas Southwestern Medical Center addressed the question of cost-effectiveness for physician assistants. This research reported that the cost-effectiveness of PA employment is at a high ratio when compared to physician salaries. Productivity ranges between 83 and 110 percent depending on the clinical practice setting<sup>1</sup>.

Training costs for physician assistants are one fifth of an allopathic physician; since the time to train a physician assistant is only two years the internal rate of return for a PA education is more favorable. This study concluded that PAs are cost-effective when compared to physicians under comparable circumstances and in primary care settings.

Patient satisfaction has also been examined when care for patients is directed by physician assistants as compared to physician providers. The University of Texas study cited above also concluded that patient satisfaction was the same as with physicians. In addition, the liability risk cost was one-third of a physician's liability rate. Savings on liability coverage for midlevel providers also contributes to practice profits.

Work-life balance has also become a greater issue for health care providers. Physicians are working longer hours and financial pressures from declining insurance reimbursement and high practice costs are impacting job satisfaction. The strongest predictor of work-life balance and burnout was having some control over schedule and hours worked (Keeton K, 2007)<sup>2</sup>. Hiring a midlevel provider may allow a physician to have greater schedule flexibility and contribute to improved job satisfaction.

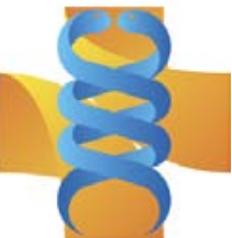
Improvement in revenues is paramount to deciding if addition of a midlevel provider will be cost effective. Additional research has also examined utilization of health care resources in managing primary care medical conditions. Research performed by Dr. Hooker, analyzed 12,768 patient- centered medical office visits, comparing 29 PAs and 117 physicians and their delivery of care. In every condition managed by PAs, the total overhead cost of the visit was less than that of a physician by department, by patient demographics, and by medical care resource use. There were no differences in referral and return visit rates between the two providers<sup>2</sup>. PAs used similar resources as physicians for treatment of acute episodes of primary care conditions, and their cost-effectiveness is derived from their reduced labor cost.

Longer-term research also supports the use of PAs managing patients in the primary care setting.

<sup>1</sup>

(Hooker R., 2002) <sup>2</sup>

(Morgan, Published Online: 28 Jul 2008) <sup>3</sup>



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Perri Morgan, PA-C, PhD, investigated whether the use of physician assistants (PAs) as providers for a substantive portion of a patient's office-based visits affects the use of overall office resources. Specifically, this study examined the need for follow up visitation after a patient is treated by the PA. Patients for whom PAs provided a substantive portion of care used about 16 percent fewer office-based visits per year as compared to patients cared for by physicians only<sup>4</sup>.

Utilization of midlevels is common across all medical specialties. Changes in medical resident workforce requirements as well as changing third party payor reimbursement models have encouraged the exploration of new ways of achieving high quality patient care across all specialties. In 2003, the Accreditation Council for Graduate Medical Education (ACGME) instituted limitations on total hours worked by residents in both inpatient and outpatient settings<sup>5</sup>. This mandate to limit work by training residents has created a need to fill patient care hours. Midlevels have no such work restrictions and since they are an affordable alternative, have been utilized in greater numbers, especially in the inpatient setting.

Traditionally physician-centered subspecialties, such as radiation oncology have recently increased utilization of non-physician providers. Studies have examined the implementation and development of non-physician practitioner roles, such as the advanced practice nurse (APN) and physician assistant (PA), and have emphasized that the non-physician practitioner is not a replacement or substitute for either a resident or a radiation oncologist. Instead, their role is a complementary one. The non-physician practitioner can assist in the diagnostic work-up of patients, manage symptoms, provide education to patients and families, and assist them in coping. Providing these valued services facilitates the physician's ability to focus on the technical aspects of prescribing radiotherapy, thereby promoting quality patient care and increasing utilization and cost-effectiveness.

Physicians who utilize PAs and NPs will experience higher practice profitability and greater flexibility in their clinical schedules. The typical PA brings in revenue of \$231,000 with an average salary of \$84,000, according to The MGMA Physician Compensation and Production Survey: 2008 Report Based on 2007 Data. After covering the cost of his or her own salary, benefits, and incremental overhead, a typical PA can boost the bottom line by an estimated \$30,000 or more. Implementing a strategy to incorporate midlevel providers into existing medical practice models will offer enhanced patient satisfaction, improved work-life balance, increased revenues and enhanced access to medical care across all medical specialties.

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(Kelvin, (1 September 1999)) 5

UTILIZATION SOLUTIONS IN HEALTHCARE, INC.

web: [www.pushpa.biz](http://www.pushpa.biz) | email: [info@pushpa.biz](mailto:info@pushpa.biz) | tel: 919.593.1557

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