

SB

315

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

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Senate

M E M O R A N D U M

26 January 1988

TO: Senator Tim Kelly
Chairman, Senate Labor & Commerce Committee

FROM: Senator Arliss Sturgulewski

RE: Senate Bill 315

As you know, Senate Bill 315 "An Act relating to third party reimbursement for advanced nurse practitioner services" has been referred to the Senate Labor & Commerce Committee.

In 1982 the nurse practice act was substantially revised. That revision took regulation of the practice of nursing away from the state medical board and put it under a separate board of nursing. Two years later, in 1984, the regulation requiring a collaborative relationship between a nurse and a physician was repealed. That meant that nurses could practice (according to their certifications) independently of physicians.

The changes made in the 1982 revision of the nurse practice act and allowing nurses to practice independently reflect changes in health care policy occurring nationwide and in Alaska. Nurses are now considered professionals in their own right and are moving into more advanced types of health care. There is a feeling that by allowing nurses to practice independently the cost of health care can be kept down and that it is more efficient to refer up from nurses than down from doctors.

This legislation adds advanced nurse practitioners to the list of health care providers in AS 29.36.090 (d) which are to be paid directly by third party payers (insurance companies) for services provided within the scope of the providers' occupational license.

I am enclosing charts showing the types and practice settings of Alaskan nurse practitioners, a position statement by the organization of Alaskan Nurse Practitioners, and a statement from the American Academy of Nurse Practitioners summarizing findings of studies of nurse practitioners performances. In addition, I am attaching copies of the statutes and regulations pertaining to the practice of nursing.

This bill was heard before the Senate HESS Committee on 25 January 1988. At that time, there was testimony from Don Koch of the Department of Commerce and Economic Development stating the department's support of this legislation. The Department of Health and Social Services also provided the HESS Committee with a position statement of support for the bill. Copies of those position statements are attached.

I would appreciate your scheduling this legislation for a hearing as soon as is practicable. If there are any questions, please contact Melissa Fouse of my staff at 465-3818.

Table 1

Type of Nurse Practitioner Licensed and Residing in Alaska,
July, 1987*

Type of Practitioner	Number
Family Nurse Practitioner (includes 3 with other NP designations)	48
Certified Nurse Midwife (includes 7 with other NP designations)	25
Women's Health Care Practitioner (includes 3 with other NP designations)	22
Pediatric Nurse Practitioner	13
Adult Nurse Practitioner	9
Neonatal Nurse Practitioner	5
School Nurse Practitioner	5
Geriatric Nurse Practitioner	1
Psychiatric Nurse Practitioner	1
	129

*Each NP was given a single designation, although some were certified in several areas. If an NP was a CNM, this was considered her primary designation. If an FNP was also an ANP, the practitioner was included in the FNP group (since the FNP designation covers a broader age-range in clients).

Table 2

Practice Settings of Alaskan Nurse Practitioners

Type of Setting	Number
Currently unemployed	2
Retired	1
Independent Practice (whole or partial)	11
Clinic Setting	
Private Sector (MD on site)	31
Governmental or Native Corporation funded (MD may or may not be on site)	40
Hospital Setting	18
Faculty/Primary Teaching	9
School Nursing	6
Public Health Nursing	3
Corrections	2
Health Care Administration/Consulting	4
Infectious Disease Control Programs	2
	129

Table 3

Highest Nursing Degree of Licensed Nurse Practitioners, 1987

Type of Degree	Number
Diploma or Associate Degree	43
Bachelor's	38
Master's	48

AMERICAN ACADEMY OF NURSE PRACTITIONERS
179 PRINCETON BLVD. LOWELL, MA 01851 617 937-7343

Summarizing the findings of the numerous studies of nurse practitioner's performance in a variety of settings, the Congressional Budget Office concluded: Nurse practitioners have performed as well as physicians with respect to patient outcomes, proper diagnosis, management of specified medical conditions, and frequency of patient satisfaction.¹

Studies have shown that nurse practitioners rate high in consumer satisfaction.²

In a program initiated by the Pittsburgh Veterans Administration, before hiring a Pulmonary Clinical Nurse Specialist, they had 150 patients at home on oxygen. After evaluation by the Clinical Nurse Specialist, 50% of those patients were able to come off the oxygen. Of the remaining 50%, more up-to-date equipment was issued allowing better patient mobility and breathing.³

Review of studies comparing nurse practitioners and physicians led the Congressional Office of Technology Assessment to conclude: "NPs appear to have better communication, counseling, and interviewing skills than physicians have."⁴

The OTA study also states: "Malpractice insurance premiums and the incidence of malpractice claims indicate that patients are satisfied with NP care. Although insurance premiums for nurse practitioners are increasing, successful malpractice suits against them remain extremely rare."⁵

In a review of 26 studies comparing nurse practitioner performance to that of physicians, Prescott and Driscoll reported that nurse practitioners received higher scores than physicians on several variables. These included such areas as amount/depth of discussion regarding child health care, preventative health, & wellness; amount of advice, therapeutic listening, and support offered to patients; completeness of history and followup on history findings; completeness of physical examination and interviewing skills, and patient knowledge about the management plan given to them by the provider.⁶

In a review of 15 studies, Record concluded that between 75% and 80% of adult primary care services and up to 90% of pediatric primary care services could be performed by nurse practitioners.⁷

Productivity studies show that if a nurse practitioner is utilized efficiently, s/he could increase the productivity of a solo practice physician by approximately 70%.⁸

A review of several studies shows that the quality of care provided by NPs is as high as the care rendered by physicians for that range of skills which the NPs are trained to use. The quality of care comparison was measured by diagnosis, treatment, and patient outcomes.⁹

Robyn and Hadley report, ". . . it appears that patients respond favorably to the quality of treatment itself, as well as the tendency of nurse practitioners . . . to spend more time with them, to create a more relaxed atmosphere in which they (the patient) feel more comfortable asking questions which they might regard as too trivial for a physician."¹⁰

The Burlington Randomized Trial Study found that nurse practitioners made appropriate referrals when medical intervention was necessary.¹¹

Estimates of increases in the productivity of physician practices that include nurse practitioners range from 20 to 90 percent. The greatest increase in productivity results when the nurse practitioner has primary responsibilities for a subset of patients and refers complicated cases "up" to the physician rather than having the physician delegate routine problems "down" to the nurse practitioner.¹²

In the Burlington Randomized Trial Study, it was found that nurse practitioners were able to provide primary care services as safely and effectively as physicians.¹³

In a federal physician extender reimbursement experiment, it was found that physician/nurse practitioner teams provided a higher quality of care than physicians alone.¹⁴

References

- ¹ Congressional Budget Office, US Congress. **Physician Extenders: Their Current and Future Role in Medical Care Delivery.** Washington, D.C.: US Government Printing Office, April 1979.
- ² Kulal, Stephanie, Clever, Linda, "Acceptance of the Nurse Practitioner" *AM.J.Nursing* 1974 March pp 251-256.
- ³ Openbrier, Diana, **Cost Effectiveness and Quality Report with the use of a Pulmonary Clinical Nurse Practitioner in The Pittsburgh Veterans Administration.** Accepted for publication in the *Clinical Nurse Specialist* magazine. 1985.
- ⁴ Office of Technology Assessment, US Congress. **Nurse Practitioners, Physician Assistants, and Certified Nurse Midwives: A Policy Analysis.** Washington, D.C.: US Government Printing Office, December 1986, pp. 19.
- ⁵ *Ibid.* pp 20.
- ⁶ Prescott, P.A. and Driscoll, L. "Evaluating Nurse Practitioner Performance". *Nurse Practitioner* 1980, Vol. 5, PP. 28-32.
- ⁷ Record, J. C. (ed.) **Provided Requirements, Cost Savings and The New Health Practitioner in Primary Care: National Estimate for 1990 Contract 231-77-0077.** Washington, D.C.: DEHEW, 1979
- ⁸ Robyn, Dorothy; Hadley, Jack, "National Health Insurance and the New Health Occupations: Nurse Practitioners and Physicians Assistants" *Journal of Health Politics, Policy and Law* Vol. 5, No. 3, Fall 1980. pp 451.
- ⁹ *Ibid.* pp 459.
- ¹⁰ *Ibid.* pp 450.
- ¹¹ Sackett, D.L. et al. "The Burlington Randomized Trial of the Nurse Practitioners: Health Outcomes of Patients. *Annals of Internal Medicine.* 80:137, 1974.
- ¹² Smith, K.R., **Health Practitioners: Efficient Utilization and Cost of Health Care.**
- ¹³ Spitzer, W. O. et al "The Burlington Randomized Trial of the Nurse Practitioner" *N.ENG.J.MED.* 290:251-256, Jan. 31, 1976.
- ¹⁴ System Sciences, Inc. **Nurse Practitioners and the Physicians Assistant Training and Deployment Study: Final Report Contract No. HRA 230-75-0198.** Bethesda, MD: System Sciences, Inc., September, 1975.

NURSE PRACTITIONERS

PROVIDERS OF QUALITY PRIMARY HEALTH CARE

DOCUMENTATION ON QUALITY OF SERVICE

POSITION STATEMENT ON
THIRD PARTY REIMBURSEMENT FOR NURSE PRACTITIONERS
Prepared by P.E.E.R., the Organization
of Alaskan Nurse Practitioners
August, 1987

P.E.E.R.'s Position

P.E.E.R. strongly supports the policy of issuing direct third party payment as reimbursement for professional services rendered by all licensed Nurse Practitioners (NPs) in Alaska. The services offered by NPs are legally recognized by the State of Alaska in specific Nurse Practice Acts, and are equivalent, and in some cases, more holistic in approach, than services provided by physicians in primary care. Reimbursement for NP services would benefit the public by:

1. enabling NPs to establish independent practices and clinics by providing a mechanism to finance their businesses. Currently, most NPs are employed by physicians or other entities, in part because they CANNOT receive direct third party payment.
2. offering more freedom of choice to the public in their selection of competent health care providers.
3. potential reduction in health care costs through competition for provision of services.
4. potential expansion of health care services of NPs in the private sector in under-served areas.

The Significant Contribution of Nurse Practitioners in Alaska

Licensed NPs in Alaska are in sufficient numbers to deserve recognition as an important group of health care providers: as of July, 1987, 129 NPs were licensed and claimed residence in the state. Another 40 NPs are estimated to work in federal governmental agencies (such as Elmendorf Hospital or the Indian Health Service); they are not required to apply for state licences in order to practice. This section describes only the licensed NPs.

Family nurse practitioners outnumber the other eight types of nurse practitioners in Alaska (Table 1). Nurse practitioners impact health care services in Alaska in a variety of work settings (Table 2). Only eleven are in independent practice; of those, six practice in rural settings. Independent practice became an option in December, 1984, with the passing of the new regulations that included placement of NPs under the sole jurisdiction of the Alaska Board of Nursing. Five of the independent practitioners are nurse midwives, who may collect fees from third party payers as stipulated in Alaska Statutes, Sec. 47.07.030--others may not, or do so with difficulty.

The majority of Alaskan NPs hold a Bachelor's or Master's

degree in nursing (86) in addition to their specialized nurse practitioner training, and certification through national certifying bodies (Table 3). In contrast to R.N. degree status for entry into NP training programs in the 1960s, the current national trend is for that training to take place in conjunction with Master's degree preparation, illustrated by the Family Nurse Practitioner program at the University of Alaska's College of Nursing and Health Sciences.

No studies have been conducted in Alaska to assess the quality of care provided by nurse practitioners, nor how their care might differ from that of a physician. Numerous studies in the lower 48, however, have shown that . . . "within their areas of competence, nurse practitioners provide care whose quality is equivalent to that of care provided by physicians", and that patients are generally satisfied with their care (US Congress, Office of Technology Assessment, 1986, pages 5-6). The American Academy of Nurse Practitioners provides a summary of the recent studies documenting the quality of services provided by NPs (addendum 1; also cites the OTA study mentioned above).

Alaskan NPs have demonstrated their willingness to work in under-served rural areas in Alaska: 51 of the currently employed 126 state-licensed NPs work in settings other than in Anchorage, Fairbanks, or Juneau. Their jobs entail multiple responsibilities and require high levels of expertise (see addendum 2 for an example of the rural practice of one NP).

The National Trends

Congress continues to consider a variety of proposals to mandate third party reimbursement for NPs. So far, federally mandated payments are limited to a few State Medicaid programs, Champus, and some programs in the Federal Employees Health Benefit Program (refer to Appendix B, US Congress, Office of Technology Assessment, 1986). At least 13 states currently permit direct payment for NP services, including Washington and Oregon, states also supporting the independent practice of NPs.

Conclusion and Our Recommendations

We contend that without direct reimbursement to NPs in the State of Alaska, the practice settings of NPs are limited, which in turn, effectively limits competition among providers, patient choices of providers, and ultimately, adversely impacts upon health care costs. We therefore recommend that:

1. third party insurers voluntarily offer to provide direct reimbursement for NP services, and/or that
2. the state legislature amend the statutes to mandate such reimbursement to all licensed NPs, not just to nurse midwives as is now the case.

Thanks is extended to Gail McGuill, Executive Director, Alaska Board of Nursing, for her assistance in obtaining the NP data.

POSITION PAPER

Department of Commerce
& Economic Development

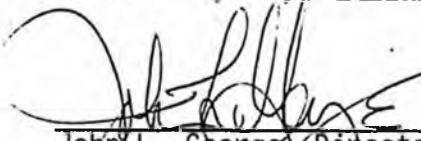
SB 315: "An Act relating to third party reimbursement for advanced nurse practitioner services."

The Administration supports this bill. This bill is aimed at allowing advanced nurse practitioners the ability to bill and receive third party reimbursement for their services. This generally means a disability insurer or a hospital/medical service corporation. The aim is accomplished with a simple modification of AS 21.36.090(d). It is appropriate for a medical practitioner to have access to reimbursement by an insurance company if the coverage provided by the insurer can be performed within the scope of that practitioner's occupational license.



J. Anthony Smith, Commissioner
Department of Commerce & Economic
Development

Date: 1/25/88



John L. George, Director of Insurance

Date: 1/25/88

FISCAL NOTE

REQUEST:

Revision Date: 01/11/88 Agency Affected: Commerce & Econ. Dev.
 Title: Third party reimbursement for
advanced nurse practitioners services BRU: Insurance
 Sponsor: Sturgulewski Components: Public Protection
 Requester: _____

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: John L. George, Director Phone: 465-2515
 Division: Division of Insurance Date: January 25, 1988
 Approved by Commissioner: J. Anthony Smith Date: January 25, 1988
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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- Office of Management and Budget
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0642K-3/12588a

Position Paper

SB 315

For an Act entitled: "An Act relating to third party reimbursement for advanced nurse practitioner services."

This Act amends Section 1. AS 21.36.090(d) to include the advanced nurse practitioner as a provider eligible for third-party reimbursement for services provided within the scope of the occupational license.

Background

The professional nurse practitioner provides direct patient care to individuals, families, and other groups in a variety of public health settings. In some cases, the nurse practitioner engages in independent decision making about the needs of clients and collaborates with other health professionals such as the physician, psychologist, social worker, and nutritionist in making decisions about other health needs. The nurse practitioner working in an expanded role practices in primary, acute, and chronic health care settings. As a member of the health care team, the nurse practitioner plans and institutes health care programs.

In the past two decades, the number of nurse practitioners and their responsibilities for providing care to patients have increased. Today approximately 15,400 nurse practitioners are practicing in the United States; 170 are certified to practice in Alaska. The use of nurse practitioners affects the quality of care, access to care, productivity of providers, and the costs of care.

The weight of evidence indicates that within their areas of competencies, nurse practitioners provide care comparable in quality to that provided by physicians. This determination is made by examining patient satisfaction with care provided by nurse practitioners and assessing physicians' acceptance of such care.

In addition to improving access to care in underserved populations and areas, nurse practitioners provide care in certain institutional settings, such as jails, and to specific populations, such the elderly and poor women and their infants. Nurse practitioners also affect access (as well as quality) by providing person-oriented services, such as communicating thoroughly with patients, counseling, promoting self-help, and attending to patients' emotional needs. Nurse practitioners reduce financial barriers to access by providing care at relatively low cost. Productivity studies indicate that nurse practitioners working under physicians' supervision can increase the total practice output by some 20-50 percent.

Although the evidence indicates that nurse practitioners have made positive contributions to the delivery of health care, these practitioners have not been used to their fullest potential. Major obstacles to the greater employment and appropriate use of nurse practitioners have been that

most third-party payers do not cover many services that are typically and characteristically provided by physicians. In these instances, payments are often indirect (i.e., to the employing physician or institution rather than direct to the nurse practitioner).

Impact of Bill

Third-party payment to nurse practitioners for providing services typically and characteristically performed by physicians will dramatically increase the nurse practitioner's ability to establish fee-for-service practices as autonomous providers independent from physicians. Advanced nurse practitioners could provide the full range of services for which they are trained and licensed. Passage of this bill would encourage the employment of advanced nurse practitioners within community mental health centers, particularly in areas of the state in which recruitment of other mental health professionals has been difficult.

The effects of third-party reimbursement of nurse practitioners and paying directly for their services would undoubtedly be influenced by the markets for their services. For example, some third-party payers are paying prospectively for hospital in-patient services (e.g., Medicare is paying on the basis of diagnosis related groups), and capitation is a growing mode of payment. These changes, along with the fact that an increasing proportion of the population is age 65 or older and thus in need of a significant amount of health care services, have major implications for the employment of nurse practitioners and health care costs.

Position

The Department of Health and Social Services supports this bill. Third-party reimbursement for services of advanced nurse practitioners could benefit the health status of certain segments of the population currently not receiving adequate care.

Recommended by: Elizabeth Ward
Elizabeth Ward, Director
Division of Public Health

Date: January 22, 1988

Approved by: Myra M. Munson
Myra M. Munson, Commissioner
Department of Health and
Social Services

Date: Jan 22, 1988

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to third
party reimbursement...
Sponsor: Sturgulewski
Requestor: _____

Agency Affected: Health & Social Services
BRU: State Health Services
Components: Nursing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The enactment of SB 315 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Elizabeth Ward, Director *Elizabeth Ward* Phone: 465-3090
Division: Public Health Date: 1-13-88

Approved by Commissioner: *Karen Pedue* Date: 1/22/88
Agency: Department of Health & Social Services

Distribution (by preparer):

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