



# The Rising Trend of Nonphysician Provider Utilization in Healthcare

A follow-up to the MGMA 2014 Research & Analysis Report

DECEMBER 2016

# Contents

<b>What's in a Name?</b> .....	3
<b>Supply and Demand:</b> The Continued Upward Growth of Nonphysician Provider Utilization in Healthcare.....	4
<b>Nonphysician Provider Services:</b> A Guide to Independent vs. Incident-to Services.....	5
What is Incident-to Billing and is it Worth it?.....	9
<b>Nonphysician Provider Utilization:</b> Cost and Revenue .....	10
<b>Nonphysician Provider Compensation</b> .....	12
<b>Nonphysician Provider Utilization:</b> Rules, Regulations and Guidance	
Who Are the Players? .....	13
One Size Does Not Fit All .....	14
<b>Nonphysician Provider Utilization</b> and <b>The Future Of Healthcare</b> .....	16

*There's no doubt about it:  
Nonphysician providers  
(NPPs) are firmly  
seated at the table for  
quality healthcare.*

**NPP — A nonphysician provider is a specially trained and licensed individual who can provide medical care and billable services.** NPPs include nurse practitioners, physician assistants, certified nurse midwives and other healthcare providers. This report will focus on the nurse practitioner (NP) and the physician assistant (PA) as NPPs.

The role of the NPP took hold in the 1960s as a direct response to a shortage of physicians in the United States. The U.S. Department of Health and Human Services' (HHS) Health Resources and Services Administration (HRSA) projects a shortage of 20,400 physicians by 2020; the integration of NPPs into the healthcare system could reduce this shortage to about 6,400.<sup>1</sup>

## What's in a Name?

PAs and NPs have been grouped together as NPPs under general terms such as "advanced clinician," "advanced practice provider" and "midlevel." These labels have been widely accepted yet seem inappropriate not only to the professional but also to the patients whom they serve. The term "midlevel" calls to mind "middle of the road" or "mid-range," which is not the type of care patients expect from their providers.

■ A physician assistant is a nationally certified and state-licensed medical professional — not a "middle-of-the-road" provider. **PAs practice medicine on healthcare teams with physicians and other providers. They practice and prescribe medication in all 50 states, the District of Columbia, the majority of the U.S. territories and the uniformed services.**<sup>2</sup>

■ **Nurse practitioners are independently licensed healthcare professionals who possess a master's or doctorate degree. They diagnose and treat medical conditions by prescribing medication, ordering and interpreting diagnostic tests, and performing invasive procedures.**<sup>3</sup>

Saying "Today you will be seeing our nurse practitioner or our physician assistant" is sure to give the patient more confidence in your NPP than, "Today you'll be seeing one of our midlevels."

*"PAs see and treat patients with every type of healthcare need from the relatively simple to complex, long-term health issues. It's the versatility of PAs that brings in so much value and ability to enhance efficiency and productivity."*

Jeffrey A. Katz, PA-C, DFAAPA  
Immediate Past President, AAPA

# Nonphysician Provider Compensation

## Straight Salary? Production Based? RVU Based? Incentive Pay? Bonuses?

Numerous options exist for fairly and competitively compensating your practice's nonphysician providers (NPPs). Finding the right model depends on many factors, such as:

- **Types of service** (assistant at surgery, established patients, post-op follow ups)
- **Location of services** (hospital only, clinic, skilled nursing facility)
- **Productivity defined** (nonvisit-related tasks such as prescription refills, telephone triage and other administrative functions)
- **Extension of the physician or primary provider of service**

**With the demand for NPPs constantly on the rise, ensuring that your practice compensates its NPPs in line with fair market value is critical.** There are several different compensation models; make sure you choose the one that best incentivizes the NPP to work hard, exceed goals and serve as a dedicated member of your team.

**TIP** As an example, straight salary might not work for the NPP whose schedule is full when everyone else has left for the day, but it might be perfect for the NPP who only sees postoperative patients.

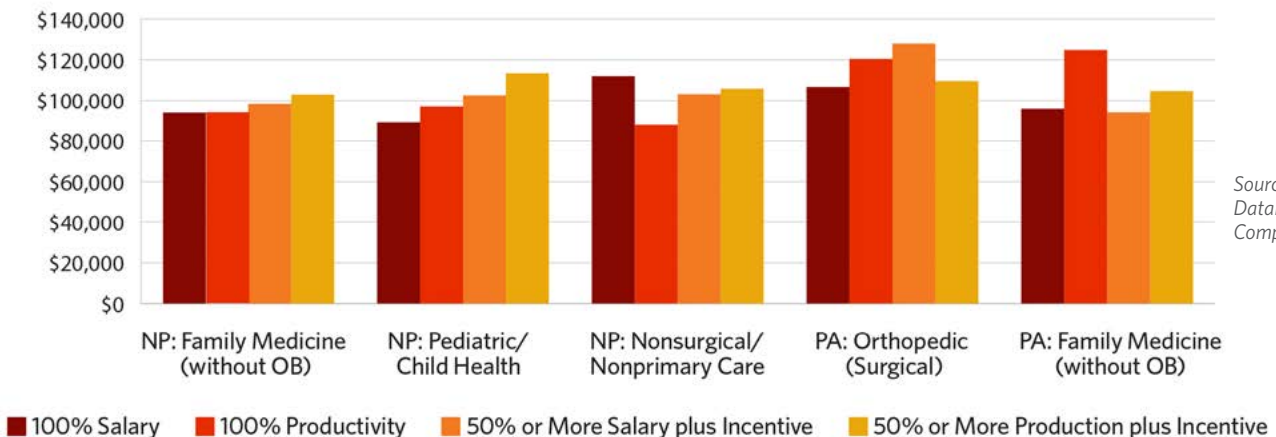
*"I am able to see just as many (generally more) patients in a day than the physician working with me and my salary isn't as high as his."*

Emily Wilson, PA-C,  
Horizon Primary Care,  
Thornton, CO

Many practices combine the number of visits with patient satisfaction scores to determine the best salary-plus-bonus method. As the demand for NPP services rises, so does the expectation for higher compensation.

### Nonphysician Provider Total Compensation

by Compensation Plan



Access full report in MGMA DataDive.  
To learn more, visit [MGMA DataDive Overview](#).