



# THE ADVANCING ROLE OF ADVANCED PRACTICE CLINICIANS: COMPENSATION, DEVELOPMENT, & LEADERSHIP TRENDS

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# INTRODUCTION

The demand for Advanced Practice Clinicians (APCs) or Advanced Practice Providers (APPs) in hospitals and health systems has grown exponentially in the past decade.

With the rapid transformation of healthcare and the increased emphasis on the healthcare continuum, APCs are filling gaps and providing quality, patient-centered medical care. The importance of these practitioners to the healthcare industry cannot be overstated.

As the general population ages, as more Americans seek healthcare, value-based payment models become more widespread, and as physicians are increasingly drawn to specialties instead of primary care, the roles for APCs are almost certainly going to expand. Their expanding role will improve quality of patient care in hospitals across the nation and safely augment the physician supply to bolster patients' access to care. APCs' evolving roles are also generating dialogue on fair compensation, and best practices on how to establish compensation plans for these providers. Health systems must be certain their programs deliver compensation that is market-competitive—both in comparison to similar positions at other systems, and in comparison to physicians with similar roles.



# APCs RE-DEFINED

The terms **Advanced Practice Clinician** and **Advanced Practice Provider** are interchangeable and have risen in popularity as alternatives to “mid-level provider” and “physician extender”. These health care professionals are trained to assess, diagnose, treat, and manage patient health problems. The term APC generally encompasses the terms NP, PA, midwife, CRNA, CNS, Psychologist and other clinical providers.

The American Association of Nurse Practitioners actually opposes the use of the terms “mid-level provider” and “physician extender” because of these criticisms:

- The terms devalue APCs’ education and expertise
- They confuse patients
- They disrupt teamwork by implying inaccurate hierarchies
- They suggest the care provided is not optimal

Patients want high-quality care, no matter the provider attending to them. They expect the provider will accurately diagnose them and propose a treatment plan that allows them to recover fully, not simply feel better. APCs tend to be held to the same standard of care as physicians, and by using more accurate terms, patients can be confident they are receiving the best care possible.



The roles for APCs are almost certainly going to expand as more Americans seek healthcare



## EVOLUTION OF APC ROLES

NPs have been practicing in rural and urban communities for more than 45 years, with the first of them educated at the University of Colorado in 1965.<sup>1</sup> Historically, an APC's ability to practice independently was impeded by limitations on practice locations and by various restrictions, such as a requirement for on-site physician supervision, and no prescription authority. In 1994, the Pew Health Professions Commission noted that the majority of nurse practitioners worked in primary care settings, and unlike physician assistants, could “be licensed to practice independently, thus enabling them to work in underserved areas.” Pew's commissioners stated that requirements for physician supervision could “promote redundancy” when the tasks being performed were already within the scope of an NP's competency.<sup>2</sup>

Many of those restrictions have since been lifted or modified. The number of certified and licensed NPs and PAs in 2010 was roughly 177,000.<sup>3</sup> In just six years, that number has grown exponentially to an estimated 310,000.<sup>4</sup>

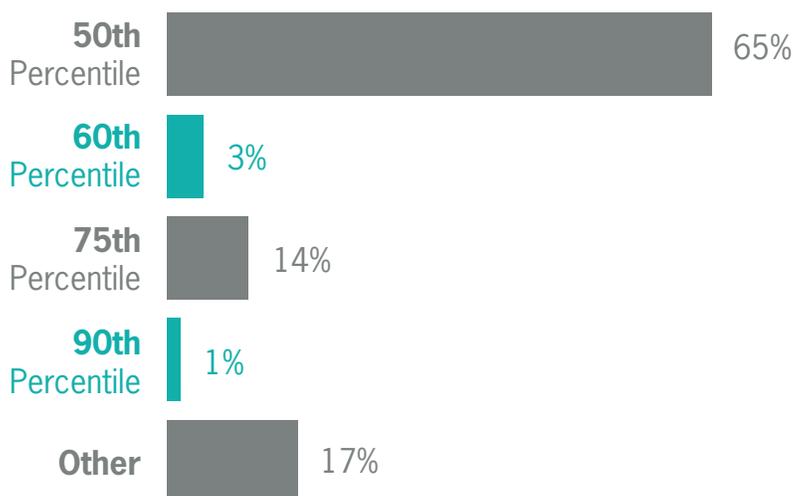


## COMPENSATION OF APCs

Many organizations today are still delivering the majority of APC compensation through a base salary with limited to no additional incentive opportunities. However, these incentives are increasing in prevalence. Salary most often targets the median of the local or regional market, while a few organizations target a higher competitive position.<sup>5</sup>

Base compensation targeted above or below median is typically determined based on factors including cost of living, local market supply and demand, ability to recruit and retain, and financial affordability. Within incentive plans, qualitative metrics are increasing in prevalence as clinical quality, patient satisfaction, and financial metrics represent the most common metrics found in plans today.<sup>6</sup>

## Market Target for Base Salaries



Most organizations today are utilizing market data by specialty to recognize differences in pay based on specialty, training/expertise, location, practice setting, etc.

Additional factors that influence APC pay:

- Shift differentials
- Working additional shifts
- Certification and Continuing Medical Education (CME)
- Call coverage



# Almost 50 percent of organizations today have an incentive plan in place for APCs

(up from 30 percent two years ago)

Additional factors that impact increased incentive plan prevalence:

- A desire to more closely align APC pay with compensation plans of physician partners
- A desire to reinforce value-based contract provisions through compensation plans to support the transition from volume to value<sup>7</sup>

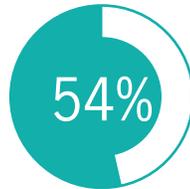
Because APCs are paid less than physicians, it seems fairly clear that they can play a role in making clinical practices more productive, at least when productivity is measured by labor costs. If nurse practitioners working in a family practice can successfully treat 80 percent of the patients coming into the practice, referring the 20 percent that represent higher acuity cases to a physician, they will provide care at a lower cost even if they spend more time with each patient.

## Metrics Found in Incentive Plans

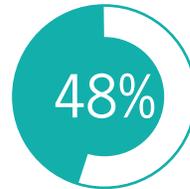
### PRODUCTIVITY



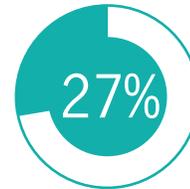
### CLINICAL QUALITY



### PATIENT SATISFACTION



### FINANCIAL METRICS



Incentive plans typically include these types of measures:

PRODUCTIVITY	SATISFACTION	CLINICAL OUTCOMES	OPERATIONAL	PROGRAMMATIC
WRVUs Professional Collections Patient Encounters	Patient Supervising Physician Staff	Clinical Quality Indicators	Documentation Chart Review Coding	Research Outreach Teaching Activities



## WORK SCHEDULES

Most organizations do not have organization-wide, formally-defined clinical work effort expectations, nor do they have a formal shift length requirement.<sup>8</sup> Clinical effort requirements generally vary by department to meet scheduling and patient needs. Typically, shift lengths range from eight to 12 hours based on department needs. It is more common to find longer shifts and work expectations in excess of 40 hours per week for APCs in the neonatal, emergency, critical care, and hospitalist medicine departments.

A small number of organizations set aside time for all of their APC employees for research, education, or administrative services<sup>4</sup>; however, nearly all organizations offer some type of paid time off to their APCs which also typically includes days for CME.<sup>3</sup>



## LEADERSHIP STRUCTURE

APCs may be housed within the nursing structure, physician structure, or both. For example, inpatient-only APCs may report through nursing, while the medical group employs those with outpatient practices. Many organizations are struggling to define an appropriate leadership structure for the growing number of employed APCs. Some health systems with large APC cohorts are starting to create separate APC structures.

Few organizations today have an executive leader managing all APCs, but more of these roles are expected to emerge as APC cohorts grow.



# TALENT PIPELINE

One of the most common issues faced by healthcare organizations today is recruiting quality APC candidates and retaining talent. Whether located in a rural area or an area where there is competition among several hospitals, nearly all organizations are struggling with the issue of finding candidates with the desired expertise. Recruitment incentives are commonly used by organizations to develop their APC cohorts and are becoming increasingly prevalent as organizations look to differentiate their compensation programs. The vast majority of healthcare organizations are using signing bonuses as part of their toolkit to attract APCs with signing bonuses averaging \$5,000. More organizations, particularly in locations where it is hard to recruit certain specialties or positions, are also considering or already using education loan forgiveness incentives.

Although some organizations offer tuition assistance to nurses to assist in obtaining the advanced degree necessary to become an NP, the plans are typically part of a standard benefit package for all employees. Additional education assistance for advanced degrees is not commonly offered to APCs in community hospitals and health systems. When education assistance is available, it is typically focused on leadership development and offered on a case-by-case basis supporting organizational goals and needs.

Organizations for which the utilization and development of APCs are a priority should consider undertaking a true workforce planning effort. This should focus on emerging needs and align resources devoted to talent development with the organization's values and operating philosophy.

## Talent development incentives for APCs



**TUITION ASSISTANCE**



**LOAN FORGIVENESS**



**SIGNING BONUSES**

# ADDED DEMANDS FOR APCs

## REGULATORY UPDATES

The Centers for Medicare and Medicaid Services have put forth a proposal to remove the regulatory term “licensed independent practitioner” from the CMS Conditions of Participation for hospitals, replacing the term with “licensed practitioner.”<sup>9</sup> This is being done to eliminate confusion about allowing PAs to order restraint and seclusion under Medicare, which will enable PAs to practice to the full extent of their education and experience.



The U.S. Department of Veteran Affairs is proposing to expand the scope of care provided by nurse practitioners, allowing them to work without physician oversight in certain areas.<sup>10</sup> This will address long wait times for veterans seeking healthcare and other related services such as diagnostic tests, anesthesia, medication, and the management of both acute and chronic diseases.

## TELEMEDICINE TRENDS

For non-emergency care, remote diagnosis and treatment by telecommunications costs less than other options. For example, an emergency room visit may cost \$2,000, while comparable care by a primary care physician may cost \$200; delivering the same care via telemedicine may cost only \$50.

There were more than 200 pieces of telemedicine-related legislation introduced in 42 states in 2015.<sup>11</sup> And like telemedicine, retail health options will continue to grow.



Telemedicine helped to reduce hospital readmissions by 44%

in one study for patients with congestive heart failure.<sup>12</sup>

# RETAIL MEDICINE TRENDS

The model of the retail health clinic is to offer acute medical services on a walk-in basis in grocery stores, pharmacies like CVS and Walgreens, and “big box” stores like Walmart and Target. Care is typically provided by NPs or PAs. According to the data compiled by Merchant Medicine, there are nearly 1,900 retail clinics across the U.S., seven times the number in 2007. MinuteClinic, operated by CVS Health, accounts for more than half of all clinic sites and plans to have 1,500 clinics by 2017.<sup>13</sup>

## Projected Growth in Retail Health Clinics

By Number of Clinics



The surge of retail medicine is due to low costs, expedited visits, and accessibility, and the high rate of consumer demand.

## THE FUTURE OF APCs

APCs are poised to have even more responsibility in the clinical realm, necessitated by the well-documented shortage of U.S. physicians, particularly within primary care. The Association of American Medical Colleges estimates that by 2025, the demand for all doctors will exceed the supply by 62,000 to 95,000 clinicians. In the coming years, APCs may be more involved in managing certain chronic conditions such as diabetes, which could help offset a shortage of as many as 36,000 doctors.

# CONCLUSION

The future of healthcare is closely tied to the utilization of APCs. As their roles advance and expand, healthcare organizations across the country will focus on attracting and retaining APCs to fill gaps in the continuum of quality, patient-centered medical care. Data concerning how APCs are utilized and compensated has traditionally been scarce, but as demand for APCs grows, so will the data.

Gallagher Integrated's *Advanced Practice Clinician Survey* is recognized as one of the most exhaustive lists of benchmark positions in the industry. With the demand for APCs rising and their compensation plans becoming increasingly multi-faceted, the survey has been expanded to include not only base pay rates but differential payments, call-pay components, overtime pay, individual productivity compensation, and general incentive payments as distinct segments of the total compensation package become available.



# APPENDIX Definitions

**Nurse Practitioners:** NPs are **registered nurses who have a master’s or doctorate degree in nursing** and have passed licensing and certification exams. NPs must collaborate with a physician to be covered by Medicare, although the physician is not required to be physically present.

NPs diagnose and manage acute illnesses and injuries, as well as stable chronic diseases. Conferring with physicians and other members of the healthcare team, NPs deliver high quality, primary healthcare to people of all ages—newborns through seniors. In fact, **patient outcomes for NPs are generally comparable to or better than those of physicians.**<sup>14</sup>

**Physician Assistants:** PAs must graduate from an accredited school and pass a certification exam. They must also become licensed by the state and practice under a physician. Unlike NPs, **a PA is not permitted to collect fees directly from Medicare.** A PA can perform physical exams, order diagnostic tests, take a complete health history, and prescribe most medications. They can also diagnose and treat illnesses and injuries, and provide patient education and preventive healthcare counseling. Along with handling most routine medical problems, **PAs can do more extensive procedures that fall within their specialties,** such as a mole removal in dermatology.

**Certified Professional Midwives:** CPMs are registered nurses who have graduated from an accredited nurse-midwifery program and have passed a national certification exam. **Their scope of practice includes care before, during, and after childbirth, as well as gynecological and family planning services.**

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1 American Academy of Nurse Practitioners. Frequently Asked Questions: Why Choose a Nurse Practitioner as Your Healthcare Provider?

2 Pew Health Professions Commission. (April 1994). Nurse Practitioners: Doubling the Graduates by the Year 2000. University of California, San Francisco: Center for the Health Professions, pp. 1, 16.

3 According to the Agency for Healthcare Research and Quality

4 According to AAPA.org and AANP.org

5 Gallagher Integrated, 2015 Advanced Practice Clinician Survey

6 Gallagher Integrated, 2015 Advanced Practice Clinician Survey

7 Gallagher Integrated, 2015 Advanced Practice Clinician Survey

8 Based on review of pediatric and academic organizations in Gallagher Integrated's database

9 AAPA.org

10 AANP.org

11 MerchantMedicine, <http://www.merchantmedicine.com>. These numbers are regularly updated.

12 AAMC.org

13 Center for Connected Health Policy

14 Stanik-Hutt, J., Newhouse, R.P., White, K.M., Johantgen, M., Bass, E.B., Zangaro, G., Weiner, J.P. (2013). The quality and effectiveness of care provided by nurse practitioners. *Journal for Nurse Practitioners*, 9(8), 492-513.



## Advance the Role of APCs in Your Organization

Contact Gallagher Integrated for the insight you need to competitively develop and compensate your Advanced Practice Clinicians.

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