



Direct Payment for PAs

There are currently more than 131,000 PAs¹ practicing nationwide who collectively have over 400 million patient encounters annually.² While the U.S. is facing growing physician shortages,³ recent data from the Bureau of Labor Statistics⁴ found that PAs are the third fastest growing health profession with a projected growth rate of 37% between 2016 and 2026. As demand for PA medical and surgical services continues to grow, it is critical to streamline payment practices to increase access, improve transparency, and reduce administrative burdens on the Medicare program, PAs, PA employers, and patients.

PAs SHOULD BE ELIGIBLE FOR PAYMENT IN THE SAME MANNER AS OTHER PROVIDERS

PAs are the only health professionals who are authorized to bill Medicare for their services but are not able to receive direct payment.⁵ Medicare permits all other health professionals authorized to bill Medicare [e.g., physicians, advanced practice registered nurses (APRNs), physical therapists, psychologists, podiatrists, social workers, and others] and receive direct payment under their own name and National Provider Identifier (NPI) number. This Medicare policy has been adopted by most Medicaid programs and commercial insurance companies, as the inability to be directly paid often leads to increased administrative arrangements and burdens for hospitals, medical groups, and healthcare organizations utilizing PAs when the facility does not have a traditional employer/employee relationship with medical providers at the facility.

When PAs cannot be paid directly by Medicare or other insurance providers, they are unable to reassign their payments in a manner similar to physicians and APRNs. The inability to be paid directly can further hinder PAs from fully participating in the increasing number of innovative value-based payment arrangements and emerging models of healthcare delivery. For example, the restriction means PAs have difficulty working for healthcare staffing companies, which are increasingly used by hospitals to deliver care, because they cannot reassign their Medicare payments to the hospital.

Authorizing PAs to receive direct payment would level the playing field, letting PAs compete with other health professionals based on their clinical competence and skill sets without unnecessary administrative burdens and restrictions that limit employment opportunities.

ALLOWING PAs TO RECEIVE DIRECT PAYMENT WILL REDUCE UNFAIR FINANCIAL IMPACTS ON HEALTH FACILITIES THAT UTILIZE PAs

The impact of this issue is felt by more than just PAs. Medical groups, clinics, hospitals, and other healthcare facilities are all adversely affected by the inability of PAs to receive direct payment. Direct payment and the related ability to reassign those payments provide the flexibility needed to meet the clinical needs of patients in a variety of practice settings and care models. Traditional practice models of one physician employing one PA have been replaced by models in which PAs, physicians, and other

healthcare team members work in hospitals, health systems, and emerging healthcare delivery venues using more innovative, patient-centered arrangements.⁶

For example, unfair and unintended reimbursement problems can occur when PAs work at certified Rural Health Clinics (RHCs). Federal requirements mandate that RHCs provide a range of diagnostic laboratory services,⁷ and federal reimbursement policies require that payments for these diagnostic services be made directly to the health professional who provided the diagnostic test. Since PAs can't be paid directly, RHCs where PAs work must provide these diagnostic services for free, essentially losing money every time PAs provide these medically necessary diagnostic services to patients.

Allowing PAs to receive direct payment is a simple, concrete way to help Medicare, Medicaid, and commercial payers move toward more transparent and innovative value-based care models. PAs should be afforded the same payment flexibility and opportunities that are given to other healthcare professionals.

PA SCOPE OF PRACTICE DOES NOT CHANGE WITH DIRECT PAYMENT

The types of medical and surgical services PAs are authorized to perform will not change if they are authorized to receive direct payment. The hierarchy of clinical authority and responsibility in clinics, hospitals, and other practice settings will also be unchanged. As has been the case since the establishment of the PA profession in the mid-1960s, each PA's scope of practice will continue to be determined by their education and experience, state law, and the policies of employers and facilities.

AUTHORIZING PAs TO RECEIVE DIRECT PAYMENT WILL NOT INCREASE COSTS TO PAYERS OR THE HEALTHCARE SYSTEM

The rate of reimbursement paid for services provided by PAs will not change if PAs are authorized to receive direct payment. Direct payment for PAs would, however, increase the likelihood that PA-provided services are billed under the PA's name and NPI number and decrease the number of PA-provided services being billed under the name of a physician. This will increase accuracy in Medicare and other healthcare payment and claims records. In fact, authorizing PAs to receive direct payment is expected to result in a net savings to the Medicare and Medicaid programs and for commercial payers.

REFERENCES

¹ National Commission on Certification of Physician Assistants. (n.d.). About us: Purpose and Action. Retrieved January 28, 2019 from <https://www.nccpa.net/About>

² American Academy of PAs. (2018). 2018 AAPA Salary Survey. Unpublished data.

³ AAMC News. (April 11, 2018). New research shows increasing physician shortages in both primary and specialty care. Retrieved January 28, 2019 from https://news.aamc.org/press-releases/article/workforce_report_shortage_04112018/

⁴ Bureau of Labor Statistics. (April 13, 2018) Fastest Growing Occupations. Retrieved January 28, 2019 from <https://www.bls.gov/ooh/fastest-growing.htm>

⁵ Department of Health and Human Services, Centers for Medicare and Medicaid Services. (March 12, 2002). Transmittal 1744. Change Request 2068. Retrieved January 28, 2019 from <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1744B3.pdf>

⁶ Cohn, M. (November 17, 2016). Role of physician assistants expanding in hospitals and beyond. The Baltimore Sun. Retrieved January 28, 2019 from <https://www.baltimoresun.com/bs-hs-pa-hospitalist-20161114-story.html>

⁷ Provision of Services, 42 CFR 491.9(c)(2) (June 12, 1992).