

Resources for PAs and PA Administrators in a Changing Healthcare Reimbursement Environment

PAs and PA administrators alike may have growing concerns regarding changes in the healthcare reimbursement environment with the recent passage of H.R.1 One Big Beautiful Bill Act. AAPA maintains extensive resources for PAs and PA administrators to help highlight and enhance the cost-effective utilization and value of PAs.

Summary

PAs are cost-effective healthcare practitioners who improve practice efficiency, productivity, and revenue.^{1,2,3} The Medical Group Management Association¹ found that practices that employed PAs had increased profit after operating costs regardless of the medical specialty, and the Medicare Payment Advisory Commission⁴ stated that “PAs nearly always lower costs (and increase profits) for their employers.” In addition to generating direct revenue, PAs can increase practice and physician productivity through greater efficiency and increase downstream revenue, in part, by allowing physicians to focus on surgeries or other duties specific to their scope of practice.^{5,6,7,8}

PAs have also been shown to have comparable or reduced episodes-of-care costs and resource utilization compared to physicians.^{9,10,11,12,13,14} One study found that PAs ordered fewer low-value diagnostic tests (i.e., ionizing radiation tests that raised costs and were potentially harmful to patients without benefit to the clinical scenarios) compared to physicians.¹⁰ Other studies demonstrated lower total care costs for medically complex patients and for chronic disease management by PAs compared to physicians.^{12,13}

It is also important to remember that the value PAs provide is more than just revenue. Numerous studies demonstrate that PAs increase quality and safety, patient satisfaction, care coordination, and patient access.¹⁴ These are of growing importance with the expansion of value-based payment models.¹⁵

One method to estimate the potential return-on-investment (ROI) of a PA is to calculate the break-even point of employing them, with revenue above that being a profit to the employer. For example, if a PA's salary and benefits were \$130,000 annually and they were working 235 business days per year and receiving an average reimbursement of \$100 per patient encounter, the PA would need to see 1,300 patients per year or 5.5 patients per day to cover their labor costs. Adding in practice management costs (e.g., facility expenses, support staff, medical supplies, etc.), which are estimated to be 60% of revenue generated¹⁶, a PA would need to see 2,400 patients per year or 8.85 patients per day to break even. Revenue generated above that would be a profit to the practice and an ROI of employing a PA.



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While this brief summary provides a general overview, PAs and PA administrators may find useful information in a number of additional AAPA resources (provided below) on reimbursement and PA productivity and value.

Additional Reimbursement and Productivity Resources

- **PAs and Team Practice**
A general overview of the role of PAs in patient-centered, team-based practice.
- **PA Productivity and Value**
A brief summary of the challenges of measuring PA productivity and possible measures.
- **Payer Reimbursement Policies for PAs**
Summary of different payor programs and their general reimbursement policies.
- **AAPA's Guide to PA Regulations, Compliance, and Professional Practice and The Essential Guide to PA Reimbursement**
Two annually updated resources, free to members, providing detailed information regarding PA practice, utilization, regulations, reimbursement, and PA productivity and value.
- **AAPA CME Central**
AAPA's CME library contains several CME presentations, including CME free to members, on topics from PA productivity, measuring PA value, PA utilization, compensation, and leadership structures that PA administrators may find helpful in speaking about the value of PAs to a healthcare organization.
- **JAAPA**
Don't forget to log into JAAPA to search for peer reviewed, evidence-based articles on important administrative topics, like Demonstrating advanced practice provider value and Assessing the productivity of PAs and NPs.
- **State Laws and Regulations**
AAPA's State Advocacy Team has additional resources on each state's PA practice profile with respective state laws and regulations.



Learn more about PA professionalism and reimbursement at www.aapa.org

