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Nurse practitioner patients less costly to Medicare than physician patients

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A new study by MSU nursing economist Peter Buerhaus and colleagues at Mathematica Policy Research and Brandeis University's Heller School for Social Policy and Management finds that patients with a nurse practitioner as a primary care provider are less costly to Medicare than patients with a physician primary care provider. The study's the first to examine national data's contradicts previous research suggesting that both types of providers generate equal costs or that nurse practitioners actually cost Medicare more. The study appears in the Jan. 6 issue of HSR: Health Services Research. MSU photo by Kelly Gorham.

With Medicare enrollment and cost concerns growing, [a new study](#) finds that patients with a nurse practitioner as a primary care provider are less costly to Medicare than patients with a physician primary care provider. The study—the first to examine national data—contradicts previous research suggesting that both types of providers generate equal costs or that nurse practitioners actually cost Medicare more.

The study from researchers at Montana State University, Brandeis University's Heller School for Social Policy and Management and Mathematica Policy Research comes as policymakers have focused increasing attention on the potential of nurse practitioners to address rising demand for primary care services.

“Because enrollment into the Medicare program will expand rapidly as the 78-million-strong baby boom generation ages, total Medicare spending will increase substantially. Providing access to care without bankrupting the Medicare program is a growing concern. Our study offers evidence that primary care provided by nurse practitioners can help address this concern,” said Jennifer Perloff, a researcher at the Heller School at Brandeis.

The research team analyzed a variety of Medicare payment claims during a 12-month period—including claims for inpatient and outpatient care—and examined five measures of the cost of care, adjusted for differences in payment rates and severity of a patient's health condition. Across all five measures, the cost of care for patients with a nurse practitioner primary care provider ranged between 11 to 29 percent less than the patients with a physician primary care provider.

This gap is most pronounced when considering evaluation and management services, which include office, home, and nursing home visits for new and established patients. The study found that nurse practitioner patients who receive such services cost Medicare 29 percent less than physician patients.

The findings contradict previous studies that suggested an equal or higher expense for care provided by nurse practitioners. Previous studies were smaller in scope, often focusing on costs within specific institutions or treatments of specific diseases, over a shorter time period.

“We examined national data and found large differences that persist even after taking into account the fact that nurse practitioners are paid at 85 percent of the rate paid to physicians for the same services,” said [Peter Buerhaus](#), a nursing economist at Montana State. “In contrast to earlier research, this study suggests that nurse practitioners provide less expensive care across a range of different measures when considering the cost of services provided to Medicare beneficiaries over longer time periods, like one year, as opposed to examining a single encounter with a patient.”

According to the researchers, some of the cost difference is likely linked to different practice settings and styles, as well as unexplained differences in health status between patients.

The findings also shed additional light on the types of Medicare patients who are more likely to see a nurse practitioner.

“These findings extend earlier work that found nurse practitioners were more likely than primary care physicians to care for younger, poorer, and disabled Medicare beneficiaries. Increasing the use of nurse practitioners may help to improve access for these vulnerable patients,” said Catherine DesRoches, a senior fellow at Mathematica.

The study appears in the January 6 issue of *HSR: Health Services Research*. The research team is currently working on a comparative study of the quality of care provided to Medicare patients by nurse practitioners and primary care physicians.

Funding for the study was provided by the Robert Wood Johnson Foundation, the Gordon and Betty Moore Foundation, and Johnson & Johnson.

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