

Full Practice Authority and Responsibility (FPAR)

Expert addresses possible effects of full practice authority on PA liability insurance premiums

Jay Sullivan, CEO at CM&F Group, Inc., whose liability insurance for PAs is endorsed by AAPA, offers his extensive knowledge of the liability insurance market to address the potential impact that full practice authority and responsibility might have on PA malpractice insurance.

Q. If PAs have full practice authority and responsibility as described by the Task Force, would they still have access to liability insurance?

A. Yes, absolutely. In states where PAs gain full practice authority and responsibility CM&F will continue to offer liability insurance products to meet their needs.

Q. Will PAs who have employer-provided malpractice insurance need to buy their own individual policies if PA full practice authority and responsibility is adopted in their state?

A. That will depend on individual employment circumstances, but there is no reason to think that employers will stop providing liability coverage for their PA employees if FPAR is adopted.

Q. In states where laws grant NPs full practice authority, do NPs experience higher liability insurance premiums than NPs who practice in states where collaboration requirements remain in place?

A. NPs have been very successful in pushing practice autonomy through the states. At last count they had full practice authority in 22 states and the District of Columbia. Another 15 states have “reduced authority” for NPs. Larger states like California, Florida and Texas continue to have restricted authority for NPs. Interestingly enough, Florida, which is one of the more restrictive states, has the highest malpractice insurance premiums in the country for NPs. So, insurance premium rates are not directly linked to NP practice authority. Some states are simply tough venues for malpractice claims. For both PAs and NPs the malpractice insurance market is quite stable and the variance in premiums from state to state is typically very small. By contrast, physician liability insurance premiums can vary by tens of thousands of dollars depending on the state and county in which they practice.

Q. Do insurance companies consider the level of autonomy in a particular state when calculating NP insurance premiums? What can we expect if PAs gain full practice authority and responsibility?

A. Practice authority is not something CM&F has historically used to calculate malpractice insurance premiums. With that said, we are looking at how the market may change for PAs, if they are granted full practice authority and responsibility in the future. CM&F has not had a rate increase since 2008 and has nothing in the pipeline now, so premium rates are not likely to change in the next few years, if FPAR is enacted in a state.

Premiums might actually decrease for PAs if more PAs buy individual malpractice insurance. Today, most PAs have coverage through their employer; only about 4,000 PAs purchase their own individual liability policies. Insurance premium rates are to some extent based on strength in numbers; the more who buy insurance, the more you can spread the risk. That is one reason that NPs have paid comparatively low premiums; close to 50,000 NPs purchase individual liability protection.

Q. How do physician, NP and PA liability insurance premiums currently compare?

A. Physicians have historically paid the highest malpractice premiums and we do not see that changing at any point in the future. NPs have historically paid lower malpractice insurance premiums than PAs because of the very large pool of nurses who buy individual insurance. However, over time, NP premium rates are coming into line with PA premium rates.

Q. What can a PA expect to pay for an annual malpractice Insurance policy today?

A. The average policy for a full-time PA in primary care is approximately \$4,000 per year. Most PAs purchase \$1,000,000 in liability protection, but lower and higher coverage options are available. CM&F also offers a new graduate liability policy that starts at just \$300 per year.

I have always thought that a great barometer is how malpractice premium costs compare to income. The mean PA salary in primary care is around \$90,000 a year. An average premium of \$4,000 is about 4.4 percent of their income. Physicians are lucky if they are paying under 10 percent of their income for liability coverage.