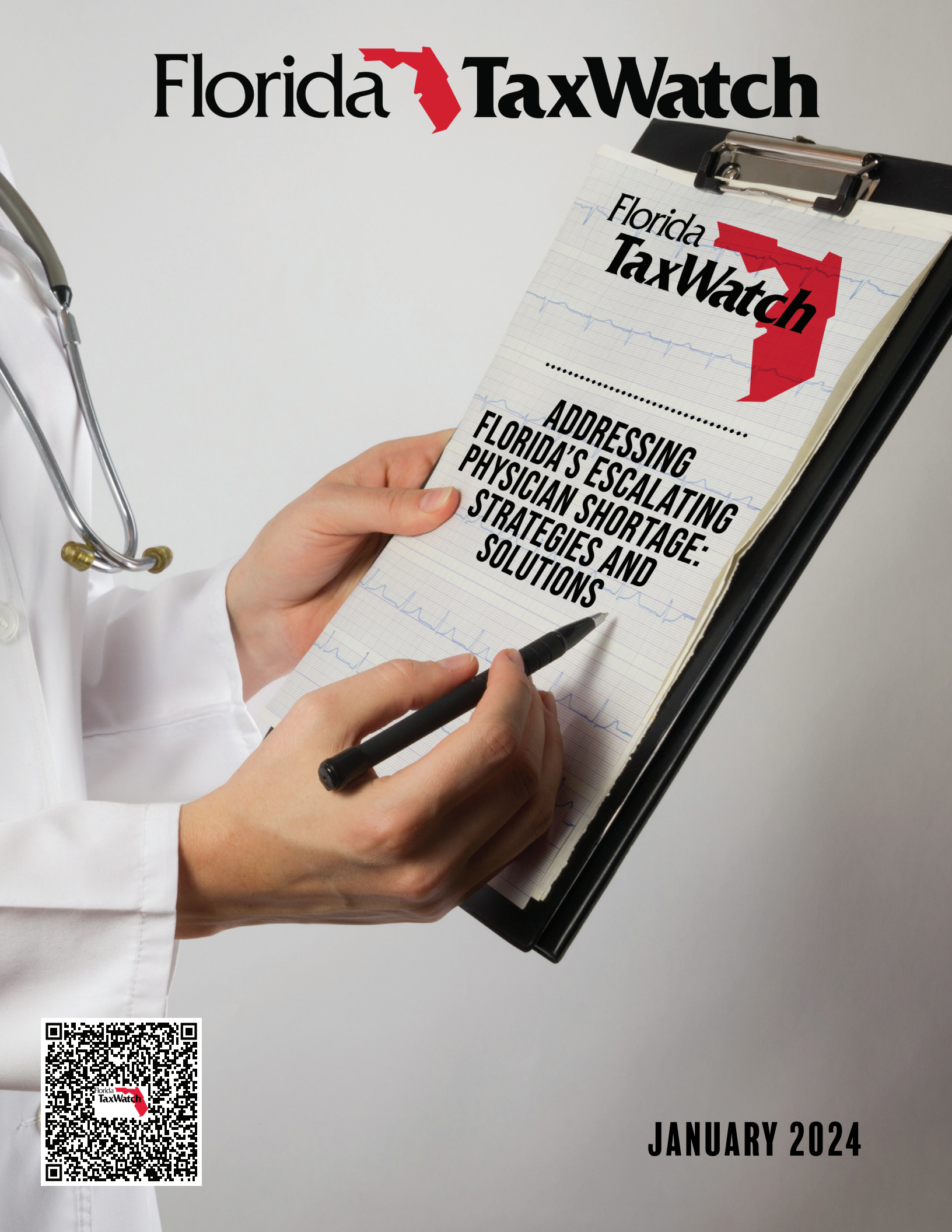
Florida TaxWatch



JANUARY 2024

Florida TaxWatch

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Piyush Patel
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer,

Florida is the fastest growing state in the nation. Welcoming more than 800 net new residents to the state each day, this population boom is a boon to Florida's economy, bringing fresh talent and new consumers to the state. Sustaining a large, growing population, however, requires careful planning. Each new resident will arrive with a set of basic needs, from housing to running water. It is the state's responsibility to develop the infrastructure needed to maintain the effective delivery of goods and services that satisfy the basic needs of all taxpayers and maintain our quality of life in the Sunshine State.

Access to health care will be a particularly pressing issue. Not only will Florida have more people in need of care in the future, but many of our residents will be older than 65 years old. Often, older populations require greater medical attention, leading to an extra strain on existing healthcare systems. As we look ahead to 2030, Florida risks demand for services outpacing the state's supply of physicians. Requiring many years of training—bachelor's degree, graduate degree, and approved residency—physicians are not easily replaceable. To avoid physician shortages in 2030, Floridians should pay close attention to the number of medical students today.

This report evaluates the state's physician shortage and considers policies that could help bridge the gap between supply and demand for healthcare services. I am pleased to present the findings of our report and look forward to engaging with policymakers and stakeholders throughout the 2024 Legislative Session and beyond.

Sincerely,

Dominic M. Calabro
President & Chief Executive Officer

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Key Findings

Florida has a physician shortage.

- In 2021, Florida's supply of family medicine physicians, general internal medicine physicians, and pediatric physicians was only enough to satisfy 71 percent, 62 percent, and 94 percent of demand, respectively.
- As of November 2023, Florida has 19 geographic areas, 146 population groups, and 155 facilities designated as Health Professional Shortage Areas.

The development of Florida's physician supply is not keeping pace with the growing demand for healthcare services.

- Demand for healthcare services will increase. Florida's population will grow by 14 percent by 2030 and 29 percent by 2050. In 2030, Florida's population older than 65 years old—a population typically in greater need of healthcare services—will make up nearly a quarter of the state's population.
- The supply of physicians will be impacted by the aging of the state's population. In Florida, nearly one in ten practicing physicians plans to retire within the next five years.
- In 2030, Florida's supply of family medicine physicians, general internal medicine physicians, and pediatric physicians is expected to meet only 62 percent, 65 percent, and 76 percent of demand, respectively. Gaps are anticipated in specialized fields of medicine as well.
- One study suggests Florida will need to fill 22,000 vacant positions by 2030. Nationwide, this supply-demand gap is second only to California.

Rural counties will feel the consequences of the physician shortage most heavily.

- Nineteen (most rural) counties in Florida experienced a decline in physicians over the past ten years.
- Four rural counties anticipate at least 25 percent of physicians retiring within the next five years.
- Forty-seven primary care rural health clinics are designated as Health Professional Shortage Areas.

Expanding Graduate Medical Education opportunities can help increase the number of physicians in Florida.

- Nationwide, there are more applicants applying to be matched with a residency position than residency positions available.
- According to the Association of American Medical Colleges, 65.0 percent of Florida medical residents stay in the state to practice medicine. More than two-thirds (67.5 percent) of physicians that completed both medical school and residency in Florida remain in the state to practice.
- The Graduate Medical Education Startup Bonus program and Slots for Doctors Program are used to financially incentivize physicians to choose Florida for their residency.

Telehealth can increase patient access to healthcare providers.

- Florida ranks highly in telehealth accessibility by allowing out-of-state physicians to provide services without a Florida license, nurse practitioners to provide services without the supervision of a physician, and patients to use the modality of their choice (i.e., audio, video, and remote patient monitoring).
- Telehealth services require technological infrastructure, such as broadband; an investment in technology by healthcare providers; and patient access to a phone or computer, all of which can be expensive to involved stakeholders.
- In 2021, nationwide, 79 percent of physicians offered telehealth but only 37 percent of adults used telehealth services. Adults in the South were even less likely to use telehealth than adults in the western and northern regions of the United States.

Advanced practice registered nurses (APRN) have expertise that can be utilized in a way that helps alleviate the demand for physicians.

- In December 2021, an analysis of Florida's statewide healthcare workforce projected the supply of APRNs in Florida to nearly double by 2035.
- Florida's APRN Autonomous Practice Act of 2020 authorized APRNs to register with the Board of Nursing to deliver healthcare services in a primary care setting without the supervision of a physician. APRNs can admit, discharge, or manage the care of a patient, among other activities, on their own.
- Of the top ten counties with the largest number of autonomous APRNs per capita, half of them is rural.

Partnerships with other states through compacts can create an additional pathway for out-of-state physicians to practice in the State of Florida but currently conflicts with Florida law.

- The United States has an Interstate Medical Licensure Compact (IMLC). The IMLC is an agreement among 37 participating states to work together to streamline the licensing process for physicians who want to practice in multiple states, increasing the ease with which physicians can work in multiple states.
- Currently, an out-of-state physician can obtain a Florida license through examination or endorsement, which takes 10 to 15 days and requires payment of licensing fees. If an out-of-state physician wants to provide telehealth services to Floridians, they do not need a Florida license.
- If Florida was a participating state in the IMLC, it would create a new pathway to licensure, providing a physician with a Florida license through the same application used to receive licenses from other states. The process takes about 55 days, and the physician would need to pay the $700 application fee and compact member state licensure fees.
- In 2019, the Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) released a report that noted that joining the IMLC would require Florida to adjust its internal database to process the new application and share reports with states, create new staff positions to handle the associated fees of the process, and amend laws that conflict with the provisions of the IMLC.

Florida has a mostly desirable business environment, but high rates for medical malpractice insurance, a large population of uninsured patients, and low Medicaid coverage may make prospective physicians look elsewhere.

- Reviewing Florida's business environment and lifestyle, Medscape ranked Florida as the 12th most desirable state to practice medicine.
- Compared to other states, Florida has high medical malpractice insurance due to a high number of medical malpractice payments. In 2023, the annual medical malpractice insurance rate for internal medicine physicians was $15,436 in Florida, but only $8,784 in California.
- Uninsured people may seek care for which they cannot pay, leaving healthcare providers to absorb the costs or find public programs willing to cover the costs. Florida is among five states with the highest percentage of uninsured people, with 13 percent of the population lacking coverage.
- The coverage of Medicaid dollars can also influence a physician's bottom line. Florida ranks 46th nationwide in Medicaid coverage, paying only 58 cents to every dollar Medicare would cover, and even less for primary care (49 cents).

Recommendations

RECOMMENDATION 1:

Update the yearly Florida Health Physician Workforce survey to include questions about retention to help policymakers craft targeted solutions and monitor outcomes.

RECOMMENDATION 2:

Increase slots for high-quality, prestigious General Medical Education Programs by investing state dollars into the expansion of established residency programs.

RECOMMENDATION 3:

Alleviate the demand upon physicians by incentivizing the incorporation of telehealth technology, such as remote monitoring, with the delivery of primary care.

RECOMMENDATION 4:

Expand the scope of practice for Advanced Practice Registered Nurses to specialties beyond primary care.

RECOMMENDATION 5:

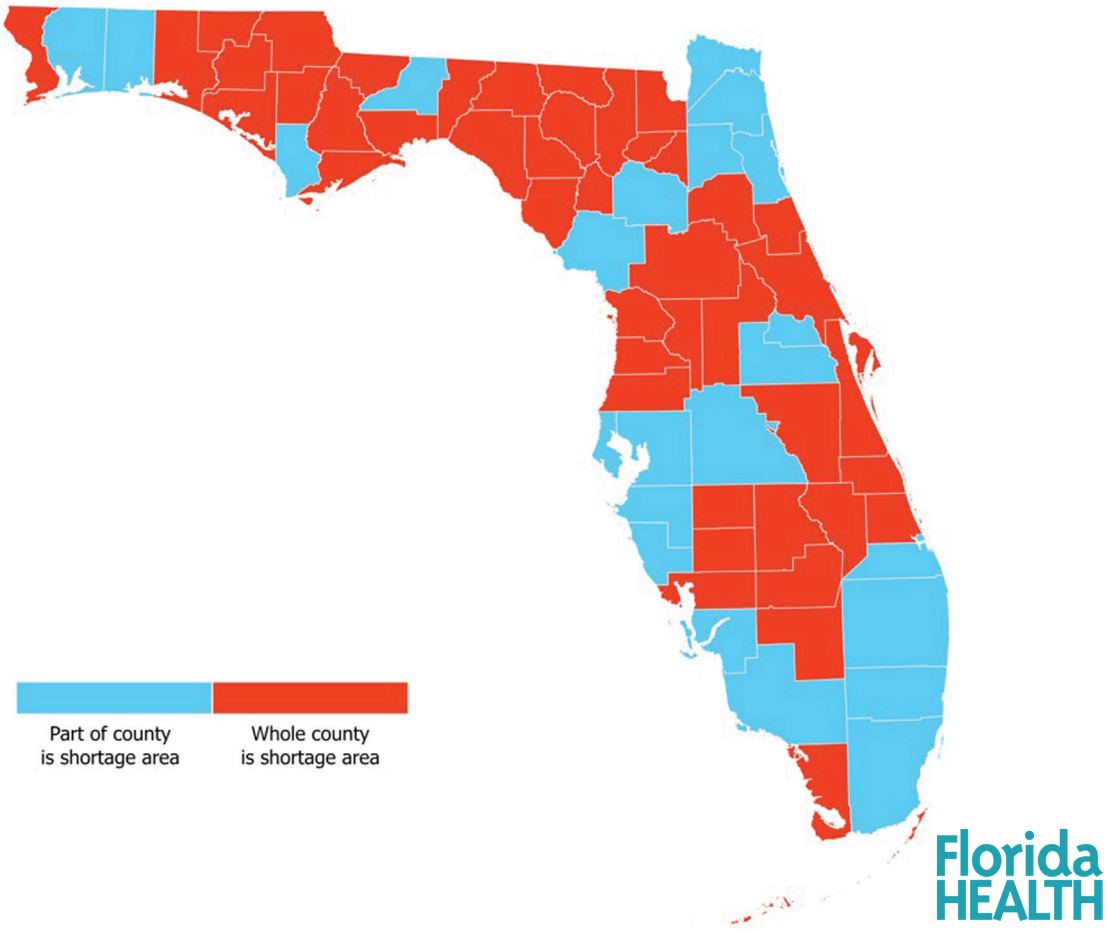
Review Florida's medical legal landscape, specifically with a focus of bringing down insurance premiums.

Introduction

Each year, the Florida Department of Health (Florida DOH) releases a Physician Workforce Report. Most recently (2023), the report indicated that 94,925 physicians have a license to practice medicine in Florida. Of those physicians, 79,045 renewed their medical license and responded to Florida DOH's workforce survey. Some physicians have licenses in multiple states and choose to practice elsewhere, while others choose not to practice at all. Only 72 percent (59,769) of surveyed physicians provide direct patient care in Florida.[1]

The number of active physicians in Florida has grown by 29.15 percent in the last decade[2] but, despite this admirable growth, Florida has a deficit of physicians. The federal government designates areas with a shortage of primary, dental, or mental healthcare providers as a Health Professional Shortage Area (HPSA). As of November 7, 2023, Florida has 19 geographic areas, 146 population groups,[3] and 155 facilities[4] with HPSA designations.[5] All Florida counties have a HPSA (Figure 1).[6]

Figure 1. Florida Health Data Reveal Every County Has a Health Professional Shortage Area.



1 Florida Department of Health, 2023 Physician Workforce Annual Report, November 2023, retrieved from https://www.floridahealth.gov/provider-and-partner-resources/community-health-workers/HealthResourcesandAccess/physician-workforce-development-and-recruitment/index.html

2 Ibid.

3 Populations include low-income populations, homes populations, and migrant farmworker populations.

4 HPSA consider facilities to be public or non-profit private medical facilities, correctional facilities, state/county mental hospitals, federally qualified health centers, Indian health facilities, tribal hospitals, dual-funded community health centers, and certified rural health clinics.

5 Health Resources & Services Administration, Health Workforce Shortage Areas (Dashboard), U.S. Department of Health & Human Services, retrieved from https://data.hrsa.gov/topics/health-workforce/shortage-areas, accessed on November 8, 2023.

6 Florida House of Representatives, Healthcare Regulation Subcommittee Meeting Packet, November 8, 2023.

The physician shortage problem is about to get worse. A perfect storm is brewing, with high demand met by a strained supply:

- **Growing Population**—Florida's population is expected to grow by 14 percent by 2030 and 29 percent by 2050,[7] adding considerable demand to limited healthcare service providers.
- **Aging Population**—Florida's population older than 65 years old will make up 24 percent of the state's total population in 2030.[8] Older people typically have a greater need for healthcare services, adding to overall demand.
- **Career Changes**—The COVID-19 pandemic exacerbated feelings of burnout, causing more physicians to leave their practice. A national survey, conducted between October 2020 and November 2020, found that 54 percent of physicians planned to change their employment due to the pandemic, with 15 percent leaving the practice of medicine entirely to work in a different environment.[9] Requiring long periods of training, preparing new physicians to replenish the labor supply is a slow process.
- **Aging Physicians**—Based on a survey conducted from July 2022 through June 2023,[10] about 34 percent of practicing physicians in Florida are 60 years old or older.[11] Within the next five years, nearly one in ten practicing physicians plans to retire.[12] As these physicians retire—some of whom may have chosen to retire early due to the pressure of the COVID-19 pandemic—the state will need to find new professionals to fulfill their roles.

In 2021, Florida's supply of family medicine physicians, general internal medicine physicians, and pediatric physicians was only enough to satisfy 71 percent, 62 percent, and 94 percent of demand, respectively.[13] Fast forward to 2030, and Florida's supply of family medicine physicians, general internal medicine physicians, and pediatric physicians is expected to meet only 62 percent, 65 percent, and 76 percent of demand, respectively, with gaps expected among specialty physicians as well.[14]

A shortage of physicians makes scheduling medical appointments difficult. Without access to timely care, patients may wait to seek care until conditions worsen, placing extra demand on already overburdened emergency rooms and risking worse health outcomes for the patients. A shortage of physicians also invokes a basic principle of supply and demand: if supply is low and demand is high, expect higher prices further pushing healthcare services out of reach.

One study suggests Florida will struggle to fill 22,000 vacant positions by 2030. This is one of the largest anticipated shortages nationwide, second only to California.[15] Collectively, the United States will face a shortage of 139,160 physicians, with 92,172 unfilled positions located in the South.[16] As Florida tries to balance the supply and demand of its health services, it will be competing with states across the nation—especially other Southern states—to attract and retain talent. In some ways, Florida is already behind other states; Florida has fewer physicians per 100,000 residents than the national average.[17]

7 U.S. Census Bureau, Quick Facts: Florida; and Florida Legislature Office of Economic and Demographic Research, Demographic Estimating Conference Executive Summary, July 2023. Note, the percent increase from 2020 (21,538,187 residents) to 2030 (24,641,880 residents) was calculated, which equaled 14.41 percent. The percent increase from 2020 (21,538,187 residents) to 2050 (27,877,707) was calculated as well, equaling 29.43 percent.

8 Florida Legislature Office of Economic and Demographic Research, Florida Population by Age Group. Based on 2021 estimates. The residents 65 years old or older (5,970,637) was divided by the total projected population (24,471,129) to calculate the percent of Florida's overall population that will be 65 years old or older in 2030.

9 Jackson Physician Search, On the Verge of a Physician Turnover Epidemic, February 2021.

10 Survey does not include newly licensed physicians.

11 Supra, see footnote 1.

12 Ibid.

13 U.S. Department of Health and Human Services, U.S. Supply and Demand of Healthcare Workers Through 2036 (Dashboard), November 2023.

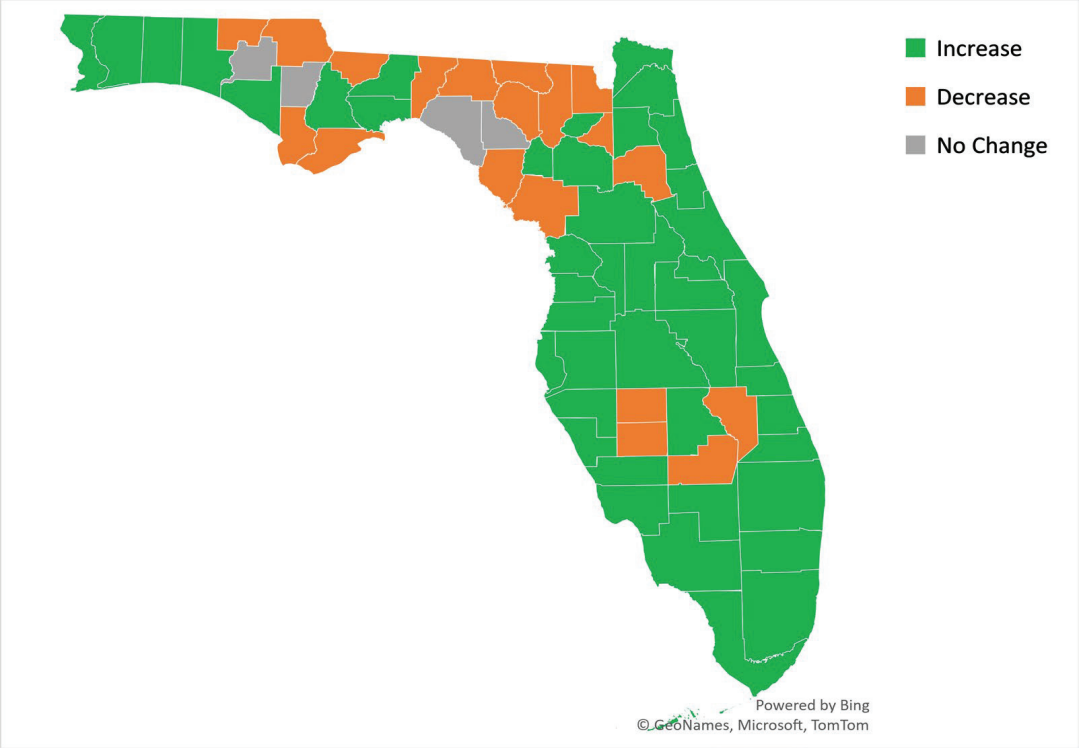
14 Ibid.

15 Human Resources for Health, "Physician workforce in the United States of America: forecasting nationwide shortages," February 2020.

16 Ibid.

17 Association of American Medical Colleges, State Physician Workforce Data Report, January 2022.

Figure 2. From 2014-15 to 2022-23, Florida's Total Number of Physicians Increased by 24 Percent, but the Number of Physicians in 19 Countries Decreased.



The consequences of a physician shortage are most heavily felt by rural counties. Although the state has seen a 24 percent increase in active physicians over the past ten years, nineteen (mostly rural) counties experienced a decrease (Figure 2).[18] In four counties,[19] at least 25 percent of physicians report retirement plans within the next five years.[20] Throughout the state, 47 primary care rural health clinics have been given the federal designation as health professional shortage areas.[21]

Since training a physician takes a minimum of ten years, combatting the physician shortage of the 2030s must be a priority throughout the 2020s. Currently, Florida faces a choice: expand the supply or satisfy demand with greater efficiency. Florida will likely need to pursue a mix of policies that facilitate both options. In this report, Florida TaxWatch evaluates opportunities to help bridge the supply and demand gap for physicians and mitigate the challenges that must be addressed if relevant policy changes are pursued.

Graduate Medical Education Residency

Graduate Medical Education (GME) refers to formal training, often in the form of residencies or fellowships, that occurs after a candidate has been awarded a doctoral degree from an allopathic or osteopathic school. By Florida Statute, physicians from each of these schools require at least one year of residency or fellowship before obtaining a medical license that allows for unsupervised practice;[22] however, many GME programs are longer than the state's minimum residency requirement. Residencies often last three to seven years, with programs aiming to match the standards established by the Accreditation Council for Graduate Medical Education.

18 Figure 1 contains data from: Florida Health, 2022 Physician Workforce Annual Report, November 2022.

19 Calhoun (33.3 percent of physicians plan to retire), Glades (28.57 percent), Gulf (35.7 percent), and Liberty (33.3 percent).

20 Supra, see footnote 1.

21 Ibid.

22 §458.311 and §459.0055, and Fla. Stat. (2023). Note, if the candidate is from an international medical school without certification from the World Health Organization, they require to years of residency or fellowship.

GME programs introduce medical school graduates to the daily duties of healthcare settings (i.e., hospitals and clinics), providing foundational experiences for the graduate while still maintaining the guardrails of supervision. Through on-the-job training, residents and fellows develop interpersonal skills, such as bedside manner and professional etiquette, and clinical expertise. Residents are encouraged to apply for GME programs that match their preferred specialty, providing the opportunity to hone skills specific to their long-term career goals and to receive mentorship from established experts in the field.

The availability and quality of GME programs are important considerations when developing the healthcare landscape of the state. Medical residents are more likely to practice in the state where they conducted their residency than the state where they completed medical school. A national study from the Association of American Medical Colleges (AAMC) found that, from 2013-2022, 57.1 percent of individuals practiced in the state where they completed their residency.[23] In Florida, the retention rate is higher, with 65.0 percent of medical residents remaining in the state to practice medicine. The AAMC observes even higher retention rates among physicians that complete both medical school and GME within the same state, with more than two-thirds (67.5 percent) of such physicians remaining in the state to practice.[24]

Since the Social Security Act of 1965—the advent of Medicare and Medicaid—the federal government has played a leading role in funding GME programs. By financing residencies, at least in part, the federal government aimed to ensure that any increased demand for healthcare services caused by the introduction of Medicare and Medicaid could be handled by a growing supply of physicians, without the need to increase costs to patients.

> *"Many hospitals engage in substantial educational activities, including the training of medical students, internship and residency programs... Educational activities enhance the quality of care in an institution, and it is intended, until the community undertakes to bear such education costs in some other way, that a part of the net cost of such activities (including stipends of trainees as well as compensation of teachers and other costs) should be considered as an element in the cost of patient care, to be borne to an appropriate extent by the hospital insurance program (Medicare)."*
>
> - U.S. Congress, House Committee on Ways and Means, Social Security Amendments of 1965, 89th Cong., 1st sess., March 29, 1965, House Report No. 213

Initially, Medicare would pay for any additional residents that hospitals were willing to train. A few decades later, the nation worried about a burgeoning budget and rumors that a physician surplus was on the horizon. Senators of the 105th Congress claimed federal funds incentivized hospitals to take more residents than the marketplace demanded, wasting limited Medicare funds.[25] The Balanced Budget Act of 1997[26] placed a cap on the number of full-time equivalent (FTE) residents for which a hospital could receive funding, freezing the number to those active in 1996. For new programs, the GME funding freezes after the program's fifth year.

23 Association of American Medical Colleges, Report on Residents, November 2023.

24 Supra, see footnote 17.

25 United States Senate, "Hearing Before the Committee on Finance," March 1997.

26 Balanced Budget Act of 1997: §947, 105th Cong. (1998).

As projections change—now suggesting physician shortages nationwide—GME programs have regained the attention of the federal government. For the first time in 25 years, Congress funded 1,000 new GME positions in the Consolidated Appropriations Act of 2021. The Consolidated Appropriations Act of 2023 provided another 200 GME positions for residents specializing in psychiatry. In recent years, legislators filed several bills that aimed to reduce the physician shortages by increasing funding for additional GME positions, but none has gained traction.[27]

Despite a freeze in federal funding increases for much of the past two decades, hospitals continued to expand GME programs using revenue and state and local funds. In 2013, Florida established the Statewide Medicaid Residency Program to improve the quality of care for Medicaid recipients, expand GME programs, and to increase the supply of highly trained physicians statewide.[28] The program was lauded by many organizations, including Florida TaxWatch, upon its passage.[29]

> *"Investment in Graduate Medical Education through the Statewide Residency Program ensures Florida retains quality physicians, resulting in improved access to health care for all Floridians. By using a specific line-item to fund Graduate Medical Education, Governor Scott and the Legislature increased transparency and program accountability for the taxpayers of Florida."*
>
> - Dominic Calabro, President and CEO of Florida TaxWatch[30]

Before the program, Medicaid funding for GME programs was included as part of the Medicaid inpatient hospital payment; the new program directed the Agency for Health Care Administration (AHCA) to allocate funds based on the number of residents and Medicaid inpatient hospital payments, which has enabled AHCA to draw down more Medicaid funds from the federal government. In 2023-24, the program was appropriated $191 million, a significant leap from the year before ($97 million).[31] According to the latest released data from AHCA, the appropriation will fund 6,176 FTE residents at 83 hospitals across the state.[32] The total number of residency slots is likely to be more. A recent report from the Office of Program Policy Analysis and Government Accountability (OPPAGA) identified 8,065 residency slots in FY2021-22.[33]

Florida focuses on incentivizing physicians to practice in underserved specialties and locations. In 2015, Florida established the Graduate Medical Education Startup Bonus program to create new residency positions for specialties in short supply. In FY 2022-23, the funds were approved to be distributed among 457 residents with qualifying specialties, with unobligated funds proportionally allocated to hospitals for existing FTE residents practicing the qualifying specialties.[34] In 2023, Florida fully implemented the Florida Reimbursement Assistance for Medical Education (FRAME) program, offering financial assistance on loan repayments for medical professionals (i.e., residents, attending physicians, nurses, and nurse practitioners) to practice in HPSAs.

27 See, H.R.2389 – Resident Physician Shortage Reduction Act of 2023; S.834 – The Resident Shortage Reduction Act of 2021; and H.R. 1763 – the Resident Physician Shortage Reduction Act of 2019.

28 §409.909(1), Fla. Stat. (2023).

29 Florida Agency for Healthcare Administration, Press Release: Secretary Dudek Highlights Impact of Florida's New Statewide Residency Program.

30 Ibid.

31 Consolidate Appropriations Acts, Fla. Stat. (2022). Consolidate Appropriations Acts, Fla. Stat. (2023).

32 Agency for Health Care Administration, SFY 2023-24 Statewide Medicaid Residency Program.

33 Office of Program Policy Analysis and Government Accountability, Research Memorandum Graduate Medical Education in Florida, December 2023.

34 Agency for Health Care Administration, GME Startup Bonus Calculation SFY 2022-2023.

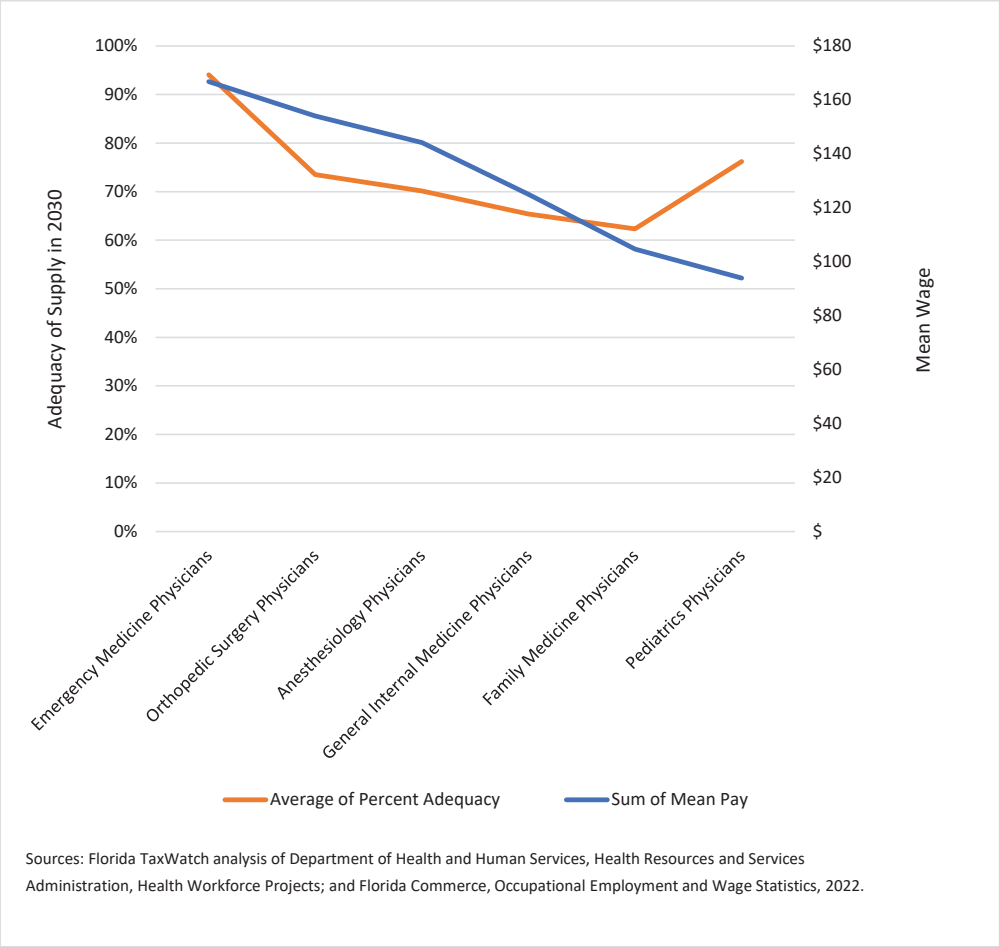
In 2023, the Slots for Doctors Program was established to help encourage the development of physicians in specialties of high demand.[35] Annually, the program allocates $100,000 to hospitals and other qualifying institutions to create new residency positions. In FY2023-24, 255 GME slots for FTE physicians were funded through the Slots for Doctors Program.[36]

Increasing Residency Slots

Currently, the United States has more GME applicants than GME positions available. In 2023, 42,952 active applicants were competing for 37,425 first-year slots and 2,950 second-year slots.[37] Florida could fund more residency slots, in hope that the newly funded residents choose to live and practice medicine in Florida. By incentivizing residency slots and medical school seats, Florida may see even higher retention rates.

Although there are more GME applicants than available residency slots, prospective residents may reject a match, whether they chose another offer or refused to accept an offer outside of their preferred field. As new residency slots are created, Florida may still struggle to fill residency slots for specialties with less lucrative career paths (Figure 3)[38] or in remote areas. Additionally, residency programs may need help finding candidates when left unmatched or a position becomes unexpectedly vacant.

Figure 3. The Adequacy of the Physician Supply in Florida Tends to be Greater for Higher-Paying Specialties.



Sources: Florida TaxWatch analysis of Department of Health and Human Services, Health Resources and Services Administration, Health Workforce Projects; and Florida Commerce, Occupational Employment and Wage Statistics, 2022.

35 §409.909(6) Fla. Stat. (2023).

36 Florida Agency for Health Care Administration, SFY 2023-24 Graduate Medical Education Slots for Docs Program Distribution, December 2023.

37 National Resident Matching Program, Results and Data: 2023 Main Residency Match.

38 Pediatrics serves as an outlier in this data set.

Telehealth/Telemedicine

"Telehealth" and "telemedicine" have different definitions among different states and organizations. Typically, telehealth and telemedicine can be used interchangeably to describe sending any kind of medical care (such as patient care, treatment, and services) through electronic communication. The term telehealth is a broader term, which includes telemedicine, clinical health care, patient and professional health-related education, health administration, and public health.[39] In the 1990s, interest in telehealth spiked due to growing accessibility to the internet. Renowned organizations such as the American Telemedicine Association (ATA), a private non-profit organization, and the Office for the Advancement of Telehealth (OAT) by the U.S. Department of Health and Human Services (DHHS) were formed in the mid-1990s to monitor the development of telehealth.[40]

Telehealth should play a role in stemming the physician shortage. It allows patients to utilize physicians located in other states and can be used by physicians' offices to maximize the use of their time. Telehealth is especially important for providing healthcare services to taxpayers of remote, hard-to-reach locations.

Innovation in telehealth has been underway for the past two decades, both at the federal and state level. Through the American Recovery and Reinvestment Act of 2009, the federal government allocated $25 billion toward advancements in digital healthcare, followed by $16 million from the Human Resources and Services Administration (HRSA) to expand digital healthcare in rural areas in 2016.[41]

Improving healthcare services in rural areas, to reach as many people as possible, is a huge advantage of telehealth. In 2011, the Department of Agriculture distributed $30 million among 35 states in 100 distance learning and Medicare programs to improve healthcare in rural areas.[42] Since 2019, the Federal Communications Commission (FCC)—alongside the HRSA and DHHS—has held meetings, conferences, and workshops to encourage telehealth usage and promote the use of federal programs in rural areas.[43]

In 2014, Florida TaxWatch released two reports—*Critical Connections to Care* and *Time for Telehealth*—to discuss the importance of telehealth and its scope for developing Florida's healthcare system.[44] The research found that Florida lagged behind most U.S states in terms of telehealth development and legislation. The report noted that a 2013 ATA ranking listed Florida as 48th among states for geographic disparity in health and had a grade level "C" on telehealth coverage and reimbursement matters. Since then, Florida legislators passed several statutes to improve the telehealth industry and effectively allocated taxpayer dollars toward the enhancement of healthcare access across all 67 counties.

In 2016, the Florida Legislature passed Chapter 2016-240 to learn more about the presence of telehealth in the state. The new law required AHCA to submit a report on survey findings across the state regarding telehealth utilization and coverage among health practitioners and insurers.[45] The report found that 45% of Florida hospitals provided telehealth services and 44% of home health facilities utilized remote patient monitoring.[46] In 2019, Florida established standards for telehealth services in the state and allowed out-of-state physicians to perform telehealth services to patients residing in Florida.[47]

The onset of the COVID-19 pandemic brought global light onto the telehealth industry. During the health emergency, telehealth services delivered healthcare services to patients without risking further spread of the virus. The federal government invested more than $9.1 billion in 2020 through various federal grant programs, health payment forbearances, and investments in new technologies for telehealth services. The federal government also changed many telehealth policies to increase ease of access, which affected relief

39 Health Resources and Services Administration and the National Institutes of Health, "What is Telehealth?," retrieved from https://medlineplus.gov/telehealth.html and https://www.hrsa.gov/telehealth/what-is-telehealth, access on November 6, 2023.

40 Telemedicine Journal and E-Health, "Federal Efforts to Define and Advance Telehealth – A Work in Progress," May 2014.

41 American Recovery and Reinvestment Act of 2009 : P.L. 111-5, as signed by the President on February 17, 2009.

42 Health IT, "USDA Grants to Support Telemedicine in Rural Areas," retrieved from https://www.healthcareitnews.com/news/usda-grants-support-telemedicine-rural-areas, accessed on November 7th, 2023.

43 Federal Communications Commission, "Promoting Broadband Health in Rural America and Beyond," retrieved from https://www.fcc.gov/health/rural-telehealth-outreach, accessed on November 7th, 2023.

44 Florida TaxWatch, "Critical Connections to Care" and "Time for Telehealth", 2014.

45 Ch. 2016-240, Fla. Stat. 456.47 and 636.202, Laws of Fla.

46 Florida Agency for Health Care Administration, "Florida Report of Telehealth Utilization and Accessibility," December 2016.

47 Section 456.47, Fla. Stat. (2019).

in payments, waivers in inter-state licensing requirements, licensing regulations, and HIPAA penalties.[48] Such changes helped mitigate the demand for physicians, which was increasing rapidly across the country.

Like the federal government, the state of Florida loosened restrictions on telehealth during the pandemic. Some of the temporary changes later became permanently adopted in Florida Statutes. For example, the Governor mandated an executive order allowing for audio-only telehealth during the height of the pandemic. After expiring in 2021, the authorization of audio-only telehealth was codified into statute during the 2023 Legislative Session.[49]

In 2022—after the effect of COVID-19 on telehealth demand had passed—the Cicero Institute prepared a report rating every state's telehealth practices. Florida is one of very few states which ranked high in seven out of the nine categories of telehealth accessibility.[50] Florida has the following best practices:

- In-person visits are not required before utilizing telehealth visits;
- Florida is a modality-neutral state;[51]
- Patients are allowed to initiate telehealth visits with a modality of their choice;
- Out-of-state physicians are not required to obtain a Florida license to practice telehealth in Florida, but must only register with the state;
- Nurse practitioners are allowed full independence to provide medical services without collaborative practice or supervision of a physician; and
- Florida does not have coverage and payment mandates, which protects telehealth patients from incurring extra administrative costs.

Telehealth Limitations

Florida has made exceptional progress in telehealth in the past decade; however, critics suggest improvements are still possible in a few areas. Of the nine categories set by Cicero Institute, Florida lags behind in two: "Compacts" and "All Provider Telehealth Usage." Florida does not participate in interstate-licensing compacts for physicians, which provide uniform standards for telehealth care agreed upon by participating states. One set of standards allows telehealth providers to provide interstate care more seamlessly. "All Provider Telehealth Usage" refers to limitations upon the type of provider who can perform telehealth services. In Florida, the definition for the kinds of providers that can use telehealth is limited to specific occupations listed in its state code. While the list is very comprehensive, including nurses, physicians, dentists, and many other medical providers,[52] the Cicero Institute suggests broader language limits barriers to future innovation.

Florida's healthcare providers and patients may face difficulties as they try to acquire the technology needed to facilitate an online appointment. Healthcare providers have financial barriers that hinder the development, implementation, and operation of telehealth programs. Although telehealth is highly praised for its ability to reach rural areas, the effort is fruitless if the area lacks needed technological infrastructure, such as broadband access, or the patient does not have access to a phone or computer.[53]

As demand for healthcare services continues to outpace the supply of physicians, telehealth technology has great potential to help physicians balance their workload; however, patients will need to become accustomed to a change in services. In 2021, 79% of physicians offered telehealth but only 37% of adults used telehealth services.[54] Adults in the South were even less likely to use telehealth than adults in the western and northern regions of the U.S.[55]

48 Beckers Health IT, "A Timeline of Telehealth Support From Federal Government during the Pandemic," retrieved from https://www.beckershospitalreview.com/telehealth/a-timeline-of-telehealth-support-from-the-federal-government-during-the-pandemic.html, accessed on November 7th,2023.

49 §456.47 (1)(a), Fla. Stat. (2023).

50 Cicero Institute, "Rating the States on Telehealth Best Practices," February 2022.

51 As defined by ATA: Using telehealth through various methods whether asynchronous or synchronous and various technologies whether by audio-video, store and forward, or remote patient monitoring.

52 §456.47(1)(b), Fla. Stat. (2023).

53 See, Florida TaxWatch, Closing the Digital Divide: The Expansion of Broadband Internet Service to Unserved Areas of the State, January 2022.

54 Jacqueline Lucas and Maria Villarroel – NCHS, "Telemedicine Use Among Adults: United Sates 2021, October 2022.

55 Ibid.

Expanded Scope of Practice

Advanced practice registered nurses (APRN) are highly trained nurses with a master's degree or doctoral degree, such as certified nurse practitioners, certified nurse midwives, clinical nurse specialists, and certified registered nurse anesthetists. APRNs are trained to perform many of the same services as physicians, with one study suggesting that 50 percent to 77 percent of a physician's time to provide preventative care and 25 percent to 47 percent of a physician's time to provide chronic care could be performed equally-well by an APRN instead, better maximizing a physician's availability.[56] Although research suggests APRNs have the capability to alleviate the work of physicians, it is important to note that they cannot replace a physician nor can they alleviate the work of physicians if they are not strategically placed and implemented within the healthcare landscape.

Training an APRN requires less time and money than training a physician, making the supply of APRNs easier to develop. In December 2021, an analysis of Florida's statewide healthcare workforce projected the supply of APRNs in Florida will nearly double by 2035.[57] The same analysis suggests that while the physician supply will have a shortfall of about 18,000 physicians, the APRN supply will exceed demand, with a surplus of nearly 11,000.[58] Ensuring APRNs have the authority to fully utilize their specialized skillset plays an integral role in satisfying Florida's healthcare demands.

In March 2014, Florida TaxWatch released a briefing, *Diagnosing the Debate: Nurse Practitioner Scope of Practice*. At the time of the briefing, Florida was considered a supervisory state, only allowing APRNs to perform nursing and medical practices outlined by a protocol written and signed by a physician and limiting the number of offices for which a physician could provide supervision. The briefing recommended removing barriers to practice and care for APRNs, noting such action would increase the supply of primary care providers. Furthermore, since APRNs require less time and money to train, they offer less expensive primary care options. Less expensive primary care not only protects patients' wallets but also saves the state millions of dollars in Medicaid costs.[59]

Aligning with Florida TaxWatch's recommendation, Florida implemented the APRN Autonomous Practice Act of 2020 (the Act). The Act authorized APRNs (who meet certain eligibility requirements) to register with the Board of Nursing to deliver healthcare services in a primary care setting without the supervision, or supervisory protocol, of a physician. Along with outlining accountability measures, the Act listed the following as appropriate activities to be performed by an APRN:

- Admit, discharge, or manage the care of a patient;
- Provide signatures, certifications, affidavits, and other endorsements that are otherwise required by law to be provided by a physician;
- Certify causes of death and sign, correct, and file death certificates;
- Serve as a patient's primary care provider;
- Examine and report on a patient's medical and mental health conditions in annual guardianship plans used by the court system;
- Execute certificates for involuntary examination under the Baker Act; and
- Examine, and approve the release of, a person admitted into a healthcare facility under the Baker Act, if the APRN is nationally certified as a psychiatric-mental health advanced practice nurse.[60]

56 Association of American Medical Colleges, The Complexities of Physician Supply and Demand: Projections from 2019 to 2034, June 2021.

57 Will Iacobucci, Tim Dall, Ritashree Chakrabarti, Ryan Reynolds, and Kari Jones; Florida Statewide and Regional Physician Workforce Analysis: 2019 to 2035; December 2021. Prepared for the Safety Net Hospital Alliance of Florida and the Florida Hospital Association.

58 Ibid.

59 Florida TaxWatch, Diagnosing the Debate: Nurse Practitioner Scope of Practice, March 2014.

60 Florida House of Representatives, Staff Analysis CS/CS/HB 607, 2020.

Additionally, the Act allowed more autonomy for physician assistants (PA), healthcare professionals with special training and certifications. One study suggests the difference in the quality of care delivered by PAs (for activities they are qualified to perform) and physicians is not statistically significant—the performance of each type of professional is comparable.[61] The Act allowed autonomous PAs to perform the following without supervision from a physician:

- Provide primary care services as defined by board rules and consistent with education and experience;
- Prescribe, dispense, administer, or order medicinal drugs to the extent authorized by the Council on Physician Assistants;
- Order medication for administration at a facility licensed under §458.351 or §458.351 Fla. Stat. (2020);
- Examine and report on a patient's medical and mental health conditions in annual guardianship plans used by the court system; and
- Provide signatures, certifications, affidavits, or other endorsements that are otherwise required by law to be provided by a physician.

Since the first year APRNs became eligible for autonomous practice (FY 2020-21), the number of Autonomous APRNs (A-APRNs) has grown by 140 percent. In FY 2022-23, Florida had a total of 8,102 A-APRNs. The expanded scope of A-APRNs has shown some promise for increasing healthcare access in rural counties. Of the top ten counties with the most A-APRN per capita, half of them are rural: Gulf, Jackson, Baker, Union, and Liberty Counties.[62]

Additional Expansion Opportunities

There are still areas where Florida can continue to expand APRN scope of practice. The APRN Autonomous Practice Act of 2020 only expanded the scope of practice in a primary care setting. If an APRN works in any setting other than primary care (i.e., specialized fields, surgical settings, or emergency departments), they cannot deliver the healthcare services that they are authorized to perform in a primary care setting.

> **"(a) An advanced practice registered nurse who is registered under this section may:**
>
> **1. Engage in autonomous practice only in primary care practice, including family medicine, general pediatrics, and general internal medicine, as defined by board rule."** [63]

Other settings may benefit from expanded scope of care. Some states have full practice authority. For example, Illinois is a state with full practice authority, allowing an APRN to treat patients in any setting. In 2020, a survey of A-APRNs in Illinois observed 11 percent of A-APRNs working in a private APRN practice. Most of the surveyed A-APRNs practiced in a primary care setting (32 percent), but others served in a variety of specialties, including peri-operative services (14 percent), emergency trauma (11 percent), and surgical (6 percent).[64]

61 Kurtzman, Ellen T. PhD, MPH, RN, FAAN and Barnow, Burt S. PhD., "A Comparison of Nurse Practitioners, Physician Assistants, and Primary Care Physicians' Patterns of Practice and Quality of Care in Health Centers," June 2017.

62 Florida House of Representatives, Healthcare Regulation Subcommittee Meeting Packet, November 16, 2023.

63 §464.0123 (3), Fla. Stat. (2023).

64 Illinois Nursing Workforce Center, Full Practice Authority Advanced Practice Registered Nurse 2020 Workforce Survey Report, April 2022.

In June 2023, Florida TaxWatch released *Physician Shortage: Better Utilization of Advanced Practice Registered Nurses in Palliative Medicine Could Provide Relief*. The report recommends that Florida Statutes be amended so that APRNs' autonomous practice authority in primary care be extended to hospice and palliative care. The American Journal of Medicine published a study that projected only one percent growth in the supply of hospice and palliative medicine physicians over 20 years, a stark contrast from the 20 percent growth in the number of patients eligible to receive palliative care.[65] Considering Florida's aging population, encouraging greater autonomous practice in hospice and palliative care could be especially effective at alleviating the strain of the physician shortage.

Reciprocity and Compacts

In Florida, a physician can obtain a license by examination or endorsement. If a physician has been licensed in a different state prior to practicing in Florida, they are likely to pursue a license by endorsement. To receive a license by endorsement, the physician has to practice medicine in another jurisdiction for at least two of the four immediately preceding four years, passed a board-approved clinical competency examination within the year before filing the application, or completed a board-approved postgraduate training program within the past two years.[66] To make it easier for physicians to work in multiple states or practice in a new state, state governments may choose to practice reciprocity, recognizing a medical license granted in another state.

The most common form of reciprocity in the United States is the Interstate Medical Licensure Compact (IMLC). The IMLC is an agreement among 37 participating states to work together to streamline the licensing process for physicians who want to practice in multiple states. The IMLC intends to increase the supply of physicians available to provide healthcare services both in-person and through telehealth. The compact also creates collaboration in monitoring physicians with multi-state licenses, allowing member states to share investigative reports and disciplinary information. Florida is not part of the IMLC; however, it offers reciprocity in telemedicine, allowing out-of-state physicians with a valid medical license from another state to deliver healthcare services to Floridians.[67]

The Interstate Medical Licensure Compact

In 2019, OPPAGA released a report reviewing whether the state of Florida should participate in the IMLC. Currently, an out-of-state physician can either practice telehealth solely—avoiding all state licensure fees—or receive licensure by examination or endorsement, enabling the physician to practice in-person or telehealth and requiring the payment of state fees. If Florida were to join the IMLC, it would not void the other options for out-of-state physicians to practice in the state of Florida but, rather, would present a third option. If a compact member state physician received a Florida license, they would pay the $700 application fee and compact member state licensure fees.[68]

Joining the IMLC would require changes in state government operations. If Florida were to join IMLC, it would need to adjust internal databases to process the new application and to share reports with other states. To handle collection fees associated with the process, the Florida DOH would need to hire three additional staff members.[69]

Provisions of the IMLC conflict with Florida's state laws. To join the IMLC, Florida would need to waive certain licensure requirements, expand due process rights for physicians who may face threats of license revocation or suspension through the compact, and exempt the closed meetings and confidential records of the IMLC from Florida's Sunshine Laws. The state may also want to clarify how tort liability and indemnification work with the sovereign immunity clause within the compact's bylaws.[70]

65 The American Journal of Medicine, "Future of the Palliative Care Workforce: Preview to an Impending Crisis," February 2017.

66 §458.311 and §459.0055, Fla. Stat. (2023).

67 §456.47 (4)(a), Fla. Stat. (2023).

68 Office of Program Policy Analysis and Government Accountability, Florida's Participation in the Interstate Medical Licensure Compact Would Require Statutory Changes to Avoid Legal Conflicts, October 2019.

69 Ibid.

70 Ibid.

Business Environment and Lifestyle

Once residency is complete, choosing a state in which to practice medicine is a big commitment. Medscape, a medical news source, released a list ranking the best places to practice medicine in the United States. The ranking is based on economics, practice environment, and work-life balance (Table 1).[71]

Table 1. Physicians May Consider the Local Economy, Practice Environment, and Lifestyle Associated With a State Before Choosing Where to Practice.

Economics	Practice Environment	Work-Life Balance
• Compensation • Cost of living • Tax burden	• Malpractice payouts per capita • Malpractice insurance premiums • Adverse actions against physicians • Professionally active physicians • Physician retention in state of residency training • Healthcare metrics, including healthcare access, healthcare quality, and number of uninsured residents	• Reports of physician burnout and/or depression • Physician happiness at work • Physician happiness outside of work • State livability ranking, influenced by metrics such as infrastructure, education, fiscal stability, crime rates, and natural environment

In the 2023 Medscape ranking, Florida ranked 12th among the best states in which to practice medicine. Medscape took note of Florida's desirable business environment, including the lack of state income tax, and the high pay for physicians. Additionally, Medscape highlighted lifestyle benefits, such as quality public schools and plentiful outdoor and cultural entertainment.[72]

Fostering a Better Business Environment

The Medscape ranking acknowledged a few weak points in Florida's business environment for physicians: malpractice payouts, malpractice premiums, and many uninsured taxpayers. Reviewing the past ten years, Florida has one of the highest numbers of medical malpractice payments, only behind New York. With nearly 9,000 payments, Florida is home to ten percent of all medical malpractice payments nationwide,[73] even though the state only comprises roughly six percent of the nation's population.

Although successful medical malpractice suits are important for keeping doctors accountable for patient outcomes, these suits also encourage higher malpractice insurance premiums. In 2023, medical malpractice insurance to practice internal medicine had an average annual rate of $15,436 in Florida.[74] Meanwhile, in the same year, internal medicine physicians in California only needed to pay an average of $8,784 for malpractice insurance.

Florida's large population of uninsured patients can also concern potential physicians. When uninsured people seek care for which they cannot pay, the cost of care goes uncompensated, leaving healthcare providers to absorb the costs or find public programs willing to cover the costs. Florida is among five states

71 Medscape, Best & Worst Places to Practice 2023, retrieved from https://www.medscape.com/slideshow/2023-best-worst-practice-6016460#13, accessed on November 8, 2023.

72 Ibid.

73 U.S. Department of Health & Human Serviecs, National Practitioner Data Bank, reporting data from 2013 through June 30th, 2023.

74 Cunningham Group, Medical Malpractice Insurance Costs, retrieved from https://www.cunninghamgroupins.com/medical-malpractice-insurance-costs/, accessed on November 8, 2023.

with the highest percentage of uninsured people, with 13 percent of Florida's population lacking insurance coverage.[75] As the state undergoes Medicaid redetermination, this percentage may rise.[76]

In addition to the concerns flagged by Medscape's methodology, non-compete clauses may also sour a potential physician's view on Florida. Non-compete clauses protect employers from former employees stealing trade secrets or clients, among other things. In the medical profession, an individual in residency may be prohibited from setting up shop across the street from the employer under whom they trained, limiting the job opportunities within a defined geographic area. Four of the ten states with the greatest ratio of physicians per 100,000 residents[77] have exemptions to non-compete clauses for physicians.[78] In Florida, there is a certain exemption for specialized physicians practicing in a rural county[79] but nothing regarding primary care physicians or physicians who practice outside of rural counties.

As physicians consider a state's business climate, they may also consider the coverage of Medicaid dollars. Typically, Medicaid (the state-based needs program) pays physicians lower fees than private insurance or Medicare (the federal entitlement program). The Kaiser Family Foundation calculated a Medicaid-to-Medicare Fee Index to compare Medicaid payments to Medicare payments within each state. Nationally, Medicaid pays 72 cents to every dollar Medicare would cover. Florida Medicaid, ranking 46th among the state and D.C., pays 58 cents to every dollar Medicare would cover, and even less so (49 cents) for primary care.[80]

Conclusions and Recommendations

The physician shortage is a national crisis. Florida will not only need to focus on how to satisfy its demand with limited supply but also how to keep its supply of new physicians from being drawn to different states. As desperate states across the country consider how to expand their physician supplies, Florida will need to keep pace, and keep a vigilant eye for new policies and incentives to keep pace with the increased need for healthcare professionals.

In this report, Florida TaxWatch has looked at several options to address the shortage of physicians in Florida. There is no doubt that expanding the scope of practice for APRNs and PAs, expanding the use of telehealth/telemedicine and interstate compacts/reciprocity, among other solutions, could help to address this shortage. Perhaps the most glaring statistic in this report is that 57 percent of licensed physicians ultimately stay and practice in the state where they complete their residency. This is the "elephant in the room" and is significant for several reasons.

First, it suggests the need for more residency slots in Florida. Even if the percentage of physicians that remain and practice in Florida stays the same, 65 percent of a higher number translates into more physicians in Florida. Second, it suggests the need for other incentives to keep Florida physicians in Florida after completing their residency here, thereby increasing the number of physicians. Third, with 43 percent of physicians leaving other states where they completed their residency, Florida needs to look at ways to recruit and retain physicians from other states.

Simultaneous to the development of this report, OPPAGA released the report "Graduate Medical Education in Florida." The findings of this report are consistent with the OPPAGA report and support the recommendations provided by OPPAGA.[81]

75 U.S. Census Bureau, American Community Survey 5-Year Estimates 2021.

76 See, Florida TaxWatch, Florida Medicaid Redetermination, July 2023.

77 Association of American Medical Colleges, State Physician Workforce Data Report, January 2022. The states with the most physicians per capita are Massachusetts, Maryland, New York, Vermont, Rhode Island, Connecticut, Maine, Pennsylvania, New Hampshire, and Hawaii.

78 Beck Reed Riden LLP, Employee Noncompetes A State-by-State Survey, September 2023. Massachusetts, Rhode Island, Connecticut, and New Hampshire all have exemptions for physicians.

79 §542.336, Fla. Stat. (2023). See also, §542.335, Fla. Stat. (2023).

80 Kaiser Family Foundation, Medicaid-to-Medicare Fee Index, 2021. Data timeframe: 2019.

81 See, Office of Program Policy Analysis and Government Accountability, Research Memorandum: Graduate Medical Education in Florida, December 2023. To review the report, visit https://oppaga.fl.gov/Products/ReportDetail?rn=23-GME.

Recommendations

RECOMMENDATION 1:

Update the yearly Florida Health Physician Workforce survey to include questions about retention to help policymakers craft targeted solutions and monitor outcomes.

RECOMMENDATION 2:

Increase slots for high-quality, prestigious General Medical Education Programs by investing state dollars into the expansion of established residency programs.

RECOMMENDATION 3:

Alleviate the demand upon physicians by incentivizing the incorporation of telehealth technology, such as remote monitoring, with the delivery of primary care.

RECOMMENDATION 4:

Expand the scope of practice for Advanced Practice Registered Nurses to specialties beyond primary care.

RECOMMENDATION 5:

Review Florida's medical legal landscape, specifically with a focus of bringing down insurance premiums.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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