Extensive studies by government agencies and independent researchers have consistently shown that nurse practitioners (NPs) provide equivalent or superior health services at a lower cost than physicians and reduce health care expenses by delivering expert preventative care.

At the heart of NPs’ cost effectiveness is their unique clinical education, which focuses on one specialty area—for example, pediatrics—from “day one” of their academic programming. This is in direct contrast to medical school, where students undertake extensive rotations that are often peripheral to the care they ultimately deliver. The result is, NP preparation costs 20-25 percent less—value that helps control the cost of NP services.

Confirmation of this value can be found in a 2012 analysis, “The economic benefits of more fully utilizing advanced practice registered nurses in the provision of care in Texas,” authored by The Perryman Group, an economic and financial analysis firm. Using modeling techniques and prior research to predict the potential for increased NP cost-effectiveness in the future, the study projected that greater utilization of NPs would lead to more than $16 billion in immediate savings—a figure that would increase over time.

NPs are consistently cost-efficient across diverse practice settings. For instance:

- Managed care organizations (MCO): The 1997 study "The Vanderbilt Experience" in *Nursing Management* shows that NPs practicing in Tennessee's state-run managed care organization delivered care at 23 percent below the average cost associated with other primary care providers, achieving a 21 percent reduction in hospital inpatient rates and 24 percent lower lab utilization rates compared to physicians.

- Nurse-managed centers: Separate studies published in *Nursing Economics*—“Cost of health care and quality of are at nurse-managed clinics" (2008) and “Cost analysis of a nursing center for the homeless” (1999)—show that nurse-managed centers with NP-provided care have demonstrated significant savings, less costly interventions and fewer emergency visits and hospitalizations.

- Health management organizations (HMOs): A 1998 study conducted in a large HMO setting established that adding an NP to the practice could virtually double the typical panel of patients seen by a physician with a projected increase in revenue of $1.28 per member per month, or approximately $1.65 million per 100,000 enrollees annually. The study, “Geriatric nurse practitioners in long-term care: demonstration of effectiveness in managed care,” appeared in the *Journal of the American Geriatrics Society*.

- On-site NP practices: Researchers analyzed the health care costs associated with an innovative on-site NP practice serving more than 4,000 employees and their dependents, finding savings of $800,000 to $1.5 million, with a benefit-to-cost ratio of up to 15 to 1. Later, the same researchers tested two additional benefit-to-cost models using 2004-2006 data for patients receiving occupational health care from an NP demonstrating a benefit-to-cost ratio ranging from 2.0-8.7 to 1. The studies, “A benefit-cost analysis of worksite nurse practitioner program: First impressions” and “Nurse practitioner services: Three-year impact on health care costs" were published in *Journal of Occupational and Environmental Medicine* in 2005 and 2008, respectively.

- Acute care settings: A 2009 study, “Evaluation of a nurse practitioner led care management model in reducing inpatient drug utilization costs” found that NP-led care was associated with lower overall drug costs for inpatients. It appeared in *Nursing Economics*.

These studies and others offer overwhelming evidence that NPs play a critical role in reducing health care costs—and do so without compromising patient safety or outcomes.

Nurse Practitioner Cost Effectiveness