BUCKEYE POLICY BRIEF

# IMPROVING OHIO HEALTH CARE WITH FREEDOM

BY REA S. HEDERMAN JR. AND JAMES B. WOODWARD, PH.D.

MARCH 22, 2021

## Introduction

Ohio policymakers can take several commonsense steps to improve the state's health care services by reducing regulatory burdens and enhancing freedom for patients and care providers. The Mercatus Center has created the Healthcare Openness and Access Project (HOAP) index—a diagnostic tool that compares states' regulatory burdens on health care systems.[1] The index measures how easily patients can access health care, particularly outside the traditional health insurance system. States that rank higher on the index have fewer regulations on health care providers and alternative health care arrangements, which allows more competition for lower costs and higher quality of care.[2]

Unfortunately, Ohio ranks below average, indicating that it has more restrictions on health care than the average state. The HOAP Index ranks Ohio 36th overall, an even worse 39th in professional regulation, and tied for 46th in delivery of care. But several modest reforms can significantly improve Ohio's score and national standing.

On an index scale of one to five, Ohio received a middling score of three for its scope of practice restrictions for nurses, and a one (the lowest score) for recognizing out-of-state medical licenses. Joining a multi-state medical licensing compact would boost Ohio's score for recognizing out-of-state medical licenses from worst to best, and removing scope of practice restrictions on nurses would likewise raise the categorical score to five. Taking these two steps would move Ohio from 39th in the category into a tie for 21st.[3]

---

[1] Jared M. Rhoads, Darcy N. Bryan, Robert F. Graboyes, ***Healthcare Openness and Access Project 2020: Full Release***, The Mercatus Center at George Mason University, 2020.

[2] Martin Gaynor and Robert Town, "**Competition in Health Care Markets**," Chapter 9, *Handbook of Health Economics*, (2011), p. 499-637.

[3] Authors' calculations based on methodology used to calculate HOAP scores.

In the delivery of care of category, Ohio's tie for 46th place puts it ahead of only three states. Ohio can improve its score and rank by continuing to expand telehealth access.[4] Moving from mediocre to best in the index's telehealth categories would lift Ohio four places in delivery of care—good for 11th place.

Just a few key supply-side reforms can dramatically improve Ohio's health care during and after the COVID-19 pandemic. Some reforms have been adopted temporarily through emergency orders for the pandemic and should be extended. Others have been proposed but not yet enacted. Relaxing scope of practice restrictions, permanently removing telehealth restrictions, and recognizing out-of-state medical licenses are commonsense reforms that will make health care more affordable and available. And taking these steps will improve Ohio's HOAP Index ranking from a sub-par 36th to an above-average 20th in the nation.

**Relax Scope of Practice Restrictions**

States regulate health care providers through executive action, laws, and specialized oversight boards that use scope of practice restrictions to define the services that certain medical providers may offer. Such restrictions, for example, limit which medical providers may perform which tests and prescribe which kinds of medicine. Some scope of practice restrictions are needed and enhance public health and safety, but not all of them. A study by the U.S. departments of the Treasury, Labor, and Health and Human Services in 2018 reported that unnecessary scope of practice regulations needlessly restrict consumer access to health care services, raising costs and reducing quality of care.[5]

Ohio's requirement that advanced practice registered nurses must sign a collaborating agreement with a licensed physician is just one example of an unnecessary scope of practice restriction. Such agreements limit the care that competent, licensed nurses may provide, and studies have shown that although they have no effect on public safety, they do increase health care costs.[6] The U.S. Department of Veterans Affairs abolished collaborating agreement requirements, and almost thirty other states do not use them.[7] Removing the agreement requirement and aligning Ohio policy with the majority of other states would help rural and underserved areas of Ohio access better, less expensive health care.

State policymakers should also reassess scope of practice restrictions that prevent pharmacists from testing for and treating minor illnesses, and administering vaccines. As leaders look for ways to expand access to care and vaccinate the public during the pandemic, they should recognize the

[4] Rea S. Hederman Jr., vice president of policy, The Buckeye Institute, **Testimony** before the Ohio House Insurance Committee, March 10, 2021.
[5] U.S. Department of Health and Human Services, U.S. Department of the Treasury, and U.S. Department of Labor, **Reforming America's Healthcare System Through Choice and Competition**, December 3, 2018.
[6] Rea S. Hederman Jr., vice president of policy, The Buckeye Institute, **Testimony** before the Ohio House Health Committee, June 18, 2019.
[7] Elizabeth R. Lenz, Mary O'Neill Mundinger, et al. "**Primary Care Outcomes in Patients treated by Nurse Practitioners or Physicians: Two-Year Follow-Up**," *Medical Care Research and Review*, Vol 61, Issue 3, September 1, 2004.

important role that pharmacists, podiatrists, and others with medical training can play.[8] Allowing trained medical technicians like pharmacists to provide vaccines will spur the vaccination effort and reduce costs and strain on the state's health care systems.

**Permanently Remove Telehealth Restrictions**

At the onset of the COVID-19 pandemic, Ohio joined many states in removing some restrictions on telehealth services.[9] The relaxed rules increased telehealth access and options for patients enrolled in Medicaid and private health insurance. Unfortunately, however, although the new access has been made permanent for Medicaid,[10] privately insured patients may soon lose the benefits of telehealth services after the pandemic's public health emergency ends.[11] Ohio should put those with private health insurance on equal footing with those on Medicaid and extend telehealth access permanently. Moreover, by enacting House Bill 122, Ohio expand telehealth coverage for psychologists, professional clinical counselors, independent social workers, and independent marriage and family therapists. The bill would also allow telehealth coverage for advance practice registered nurses, pharmacists, occupational and physical therapists, and other health professionals, which will help patients—especially those living in rural areas—access more health care services and specialists.

Held back by outdated regulations for years, telehealth surged in March 2020 thanks to temporary emergency measures enacted by the federal government and states across the country.[12] Only 11 percent of all patients used telehealth in 2019,[13] but under the emergency access measures, patient usage jumped to 76 percent in 2020, accompanied by high patient satisfaction scores.[14] The rapid rise should come as no surprise. Medical researchers have touted telehealth's potential medical care advantages for decades,[15] and its expanded use introduces overdue market competition that will benefit patients and innovative health care providers.

Patients welcome telehealth because it reduces the time and money spent on medical visits. According to the Bureau of Labor Statistics, the average travel and wait time for a doctor's visit is

[8] Greg R. Lawson, research fellow, The Buckeye Institute, **Testimony** before the Ohio House State and Local Government Committee, February 17, 2021.
[9] Catherine Candisky, **Coronavirus spurs growth of telehealth in Ohio**, *The Columbus Dispatch*, March 26, 2020.
[10] **Ohio Medicaid begins process to permanently expand telehealth services**, Ohio Department of Medicaid press release, September 1, 2020.
[11] **Executive Order 2020-05D**, Governor Mike DeWine, March 19, 2020.
[12] **President Trump Expands Telehealth Benefits for Medicare Beneficiaries During COVID-19 Outbreak**, Centers for Medicare & Medicaid Services press release, March 17, 2020; **COVID-19 and Telehealth Regulations in the States**, business.amwell.com, April 1, 2020.
[13] Oleg Bestenny, Greg Gilbert, Alex Harris and Jennifer Rost, ***Telehealth: A quarter-trillion-dollar post-COVID-19 reality?*** McKinsey & Company, May 29, 2020.
[14] *Ibid.*; **Telehealth Patient Satisfaction Surges During Pandemic but Barriers to Access Persist, J.D. Power Finds**, J.D. Power press release, October 1, 2020.
[15] E. Ray Dorsey and Eric J. Topol, "**State of Telehealth**," *The New England Journal of Medicine*, Volume 375, Number 2 (July 14, 2016), p. 154-161

more than 50 percent of the time spent during the appointment itself.[16] Such costs and inconvenience discourage patients from seeking care before medical issues become serious and more expensive.[17] By reducing the transaction costs of medical visits, telehealth encourages patients to seek care early, it allows doctors to catch issues before they require more drastic and costly interventions, and patients with minor concerns can be more readily diagnosed without the risks and inconveniences of in-person consultations. Given telehealth's advantages and popularity, industry experts predict that patient demand for telehealth services may rise to 20 percent of all future visits.[18]

The General Assembly missed an opportunity to improve Ohio's health care and telehealth policies when it failed to pass House Bill 679. The proposed legislation would have ensured continued access to a wide range of providers while simultaneously encouraging health savings.[19] The bill did not require payment parity for telehealth visits and would have expanded access for the privately insured to an extensive list of medical professionals. And it did not restrict telehealth to certain technologies.[20] Had it passed, House Bill 679 would have promoted competition and price negotiations between health insurers, care providers, and patients—a welcome improvement over the current uncompetitive, inefficient fee-for-service arrangement.

**Recognize Out-of-state Licenses**

Like every state, Ohio has medical and occupational licensing requirements that workers must satisfy to work here—even if they have already met identical or similar licensing standards in another state.[21] In response to the pandemic, however, Ohio relaxed some medical licensing restrictions and allowed medical professionals licensed in other states to practice here temporarily.[22] Ohio should make that allowance permanent. After all, medical and other professionals should meet training standards to ensure consumer and patient health and safety,[23] but doctors and nurses trained and licensed in Indiana, for example, do not pose a health and safety risk or forget their medical training simply by crossing state lines.

High licensing fees and training requirements can reduce an occupation's job growth by 20 percent and disproportionately affect middle-aged, low-income, and non-college educated

[16] Corwin N. Rhyan, ***Travel and Wait times are Longest for Health Care Services and result in an Annual Opportunity cost of $89 Billion***, Altarum Center for Value in Health Care, February 22, 2019.
[17] Julie Cheitlin Cherry, Tracey P Moffatt, Christine Rodriguez and Kirsten Dryden, "**Diabetes disease management program for an indigent population empowered by telemedicine technology**," *Diabetes Technology & Therapeutics*, Volume 4, Issue 6 (December 2002) p. 783-791.
[18] Oleg Bestenny, Greg Gilbert, Alex Harris and Jennifer Rost, ***Telehealth: A quarter-trillion-dollar post-COVID-19 reality?*** McKinsey & Company, May 29, 2020.
[19] **House Bill 679**, legislature.ohio.gov.
[20] *Ibid*.
[21] ***The State of Occupational Licensing: Research, State Policies and Trends***, National Conference of State Legislatures, National Governors Association, and The Council of State Governments, October 11, 2017.
[22] ***Telemedicine, Emergency Licensure and Continuing Education Changes for State Medical board of Ohio Licensees***, State Medical Board of Ohio, March 18, 2020.
[23] ***Occupational Licensing: A Framework for Policymakers***, U.S. Department of the Treasury Office of Economic Policy, Council of Economic Advisers, U.S. Department of Labor, July, 2015.

workers.[24] Ohio has approximately 67,000 fewer jobs than it would with more appropriate licensing laws.[25] Other states, like Arizona and Pennsylvania, have already realized that onerous licensing requirements slow job growth and prosperity, and passed laws to recognize out-of-state licenses recognition for new residents in 2019.[26] Similarly, Missouri made license recognition permanent not long after the pandemic began in 2020.[27] Most recently, the U.S. Department of Health and Human Services temporarily authorized health care practitioners to practice across state lines when providing testing or treatment for COVID infections.[28] These temporary measures acknowledge that some licensing restrictions are unnecessary and reduce treatment options for patients—and Ohio should make the temporary recognition permanent.

The General Assembly previously considered legislation that would have codified recognition of out-of-state licenses.[29] Currently, a bill under review calls for Ohio to join a multi-state compact that would recognize nursing licenses earned in other member states. Joining the compact would broaden the nursing pool for patients, help nurses who recently moved to Ohio, attract more licensed nurses to our health care systems, and promote healthy market competition.[30]

## Conclusion

Reducing regulatory burdens and enhancing patient and provider choice through several supply-side reforms will make Ohio's health care better and more affordable. The COVID-19 pandemic has already spurred policymakers to relax some regulatory restrictions temporarily and, after nearly a year under the relaxed rules, those decisions have proven their worth and the relaxed rules should be adopted permanently. Scope of practice restrictions should be lifted for doctors, nurses, and pharmacists to make access to care, minor treatments, and vaccines more available. The increasingly popular telehealth options should be expanded and permanently available, improving access to care in rural, underserved areas and reducing costs and risks associated with in-person consultations. And honoring the medical licenses of health care professionals who have already passed comparable exams and training requirements in other states will make the pool of qualified care providers deeper, more competitive, and more affordable. With just a few modest, commonsense reforms, Ohio can improve health care services and rise dramatically in national health care rankings.

---

[24] Tom Lampman, ***Forbidden to Succeed: How Licensure Laws Hold Ohioans Back***, The Buckeye Institute, November 18, 2015.

[25] Morris M. Kleiner and Evgeny S. Vortnikov, ***At What Co$t: State and National Estimates of the Economic Costs of Occupational Licensing***, Institute for Justice, November 2019.

[26] **Open for Opportunity**, Office of the Governor Doug Ducey press release, April 10 2019; Matthew Shafer, **Pennsylvania Joins Arizona in Universal License Recognition**, csg.org, July 31, 2019.

[27] Nick Sibilla, **New Missouri Law Makes It Much Easier For People With Criminal Records To Get A License To Work**, *Forbes*, July 28, 2020.

[28] Jeffery A. Singer, **HHS Authorizes Some Telehealth Services Across State Lines—Temporarily**, cato.org, December 4, 2020.

[29] **House Bill 432**, legislature.ohio.gov; and **Senate Bill 246**, legislature.ohio.gov.

[30] Greg R. Lawson, research fellow, The Buckeye Institute, **Testimony** before the Ohio Senate Health Committee, February 10, 2021.

## About the Authors

Rea S. Hederman Jr. is executive director of the **Economic Research Center** and vice president of policy at The Buckeye Institute. A nationally recognized expert in health care policy, Hederman is the author or co-author of numbers papers, including ***Policy Solutions for the Pandemic: How Ohio Can Fight the Impact of Coronavirus***, ***Healthy and Working: Benefits of Work Requirements for Medicaid Recipients***, ***Federal Efforts to Stabilize ACA Individual Markets through State Innovation***, ***Returning Health Care Power to the States***, and ***Health Care Challenges at States Should Prepare to Face in 2017***.

James B. Woodward, Ph.D. was an economic research analyst with the **Economic Research Center** at The Buckeye Institute. He is the author of ***Access to Health Care Made Easier: Promoting Best Practices in Ohio's Telehealth Policy***.

THE BUCKEYE INSTITUTE
88 East Broad Street, Suite 1300
Columbus, Ohio 43215
(614) 224-4422
BuckeyeInstitute.org

*Improving Ohio Health Care with Freedom*