To: Policy Makers, California State Legislature

From: Rosie Oganesian

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Re: Addressing Provider Shortages and Healthcare Access Disparities

Executive Summary:

Provider shortages significantly impact healthcare access, limiting services for many communities, especially underserved populations. Initiatives such as telehealth adoption during COVID-19, concierge medicine, and expanding Nurse Practitioner independence under California's AB 890 shape who has access to care and how much it costs. These healthcare challenges disproportionately impact rural and low-income communities by driving up costs and increasing service times for patients to be seen by providers. The decline in primary care providers has led to worsening disparities in access to healthcare, particularly for Medicaid and uninsured populations. Telehealth temporarily improved access for many patients during the pandemic, yet reimbursement challenges have led to decreased utilization post-pandemic (FAIR Health, 2025). Concierge medicine, while beneficial for those who can afford it, has shifted healthcare models reading availability for those who can not afford additional costs (Leive, David, Candon, 2023). Meanwhile, despite AB 890's implementation, there are still administrative barriers which are impacting full utilization of health services (California Health Care Foundation (CHCF), 2022).

In order to address these disparities, interventions must be implemented by policymakers to improve healthcare equity. Expanding telehealth reimbursement, regulating concierge medicine, and fully implementing AB 890 can help alleviate provider shortages and improve health outcomes. It is important for policymakers to address both immediate access barriers and

long-term structural challenges in provider distribution and payment systems, which are disproportionately affecting certain populations who don't have access to timely and affordable care.

Introduction:

The U.S. healthcare system is facing a provider shortage that is growing more each year, affecting both primary and specialty care. Statistics show that the U.S. could face a shortage of up to 86,000 physicians by 2036, and disparities in financial access, racial inequities, and geographic distribution exacerbate this ongoing crisis (AAMC, 2021). This trend is driven by the aging physician workforce, increasing demand for services, and barriers to retaining new healthcare providers. There is a shortfall in supply vs. demand of physicians, and a 2021 projection shows a 5% decline for providers (AAMC, 2021). This is alarming for those seeking primary care; a decline in providers threatens the ability of millions of Americans to receive routine care.

During COVID-19, telehealth was widely adopted by many healthcare institutions, expanding access for patients who lived in rural areas, had disabilities, or struggled to secure in-person appointments. By 2020, telehealth comprised nearly 20% of medical claims in the Northeast (FAIR Health, 2025).). However, as the public health emergency ended, many temporary flexibilities that allowed telehealth were scaled back. Reimbursement challenges have made it difficult for providers to continue offering telehealth services at the same level, reducing much-needed access for many vulnerable populations (FAIR Health, 2025).

California's AB 890, is one approach to help expand provider capacity by allowing some Nurse Practitioners (NPs) to practice primary services independently. Even then, there are still regulatory and insurance barriers further hindering those who may have to resort to this to

receive care (CHCF, 2022). NPs remain underutilized in healthcare systems, and they are struggling to meet patient demand. Some publicly insured patients have limited insurance coverage and can't rely on providers who practice concierge medicine, as it is an additional financial burden, which limits access to paying members. With the growth of concierge medicine practices, providers' patient panels are reduced from seeing an average of 2,500 to 600 patients, making it increasingly difficult for those seeking care to receive timely treatment (Leive, David, Candon, 2023). The reduction of patient panels, while improving the quality of care for those who can afford it, reduces overall provider availability in many communities. This mainly affects Medicaid beneficiaries, who already face challenges finding providers willing to accept lower reimbursement rates (Sloan, Mitchell, Cromwell, 1978).

Addressing these supply constraints is critical to ensuring that all individuals, regardless of location, income, or insurance status, can have access to care. Without policy interventions, the growing provider shortage will continue to worsen long-term health outcomes.

Problem Statement:

The U.S has a two-tiered healthcare system, and access to help depends on geography, insurance coverage, and the ability to pay out-of-pocket costs. This leads to delayed care, particularly for those who rely on Medicaid and rural populations, where the number of providers is much less than in urban cities (AAMC, 2021). The primary care shortage causes many people to rely on emergency departments to seek care, and over 80 million Americans live in areas with provider shortages (Leive, David, Candon, 2023).

For those who do not have access to health insurance, seeing a doctor for preventative healthcare is difficult due to time constraints, the financial burden, and even the lack of transportation. Missed screenings, unmanaged chronic conditions, and delayed diagnoses can

lead to more severe health problems and higher costs in the long run. In many cases, patients without access to consistent care seek treatment through emergency rooms, which do not provide the same level of long-term care needed for chronic disease prevention.

Analysis:

The impact of the provider shortage is exacerbated by the different supply constraints on healthcare access. Telehealth adoption during COVID-19 showed much promise, but as the health crisis declined, so did the incentives to keep this program running. Overall, telehealth utilization has increased dramatically, and mental health services have emerged as the leading category nationally (FAIR Health, 2025). However, with financial incentives to blame, this gradually shifted from being accessible by those with insurance to now having reimbursed rollbacks by providers. The rise of concierge medicine presented additional challenges to gaining equitable healthcare access. Studies show that higher Medicaid reimbursement rates correlate with higher physician participation in public programs (Sloan, Mitchell, Cromwell, 1978). Physicians' decisions to adopt concierge models are influenced by economic factors and a reduction in patients, as their patient panels now serve a smaller number of high-paying individuals, which leaves fewer physicians for the general population. As a result publicly insured patients often face long wait times and cannot providers willing to accept their insurance.

AB 890 presents a good solution to addressing the provider shortage problem by allowing NPs to practice medicine independently. The legislation creates two categories of independent Nps "103 NPs" who work alongside institutions and "104 NPs" who can have their own independent practices (CHCF, 2022). However, despite the potential it offers, bureaucratic obstacles and opposition from physicians have slowed the implementation. Many institutions still require physician oversight for NPs, which limits their ability to serve as primary care providers

in rural and underserved areas. Insurance companies may also choose not to reimburse NPs, making independent practice financially challenging for both the provider and patients, who may see this as the only timely intervention for health concerns.

The increasing reliance on urgent care and emergency rooms as a substitute for primary care is not a sustainable solution. Without intervention, provider shortages will continue to disproportionately affect vulnerable populations, increasing both economic and health disparities.

Recommendations:

Sustaining telehealth expansion to enforce Medicare and Medicaid reimbursement for telehealth services. Funding can be done through broadband expansion to support rural telehealth adoption so those disproportionately affected in rural areas can have access to life-saving healthcare. This can also be done by implementing interstate telehealth licenses for providers to see patients who may not be in their geographical community. Telehealth utilization surged during COVID-19, yet reimbursement challenges have led to a decline (FAIR Health, 2025).

Policymakers should regulate concierge medicine and set guidelines for physicians who do accept insurance to allocate a portion of their appointments to patients who are non-concierge. Federal financial incentives for providers who are available for plan and can receive tax deductions as they are accepting patients out of their plans while maintaining a balanced patient panel.

Beyond concierge medicine reforms, incentives should be offered to primary care providers who serve members in rural communities. These could include grants for relocation assistance or opening new clinics with increased loan forgiveness programs. Workforce shortages in rural America remain a significant driver of health disparities (AAMC, 2021). Fully implementing AB 890 will help mitigate the provider shortage, by removing administrative

barriers that prevent NPs from practicing independently and mandating reimbursement rates will ensure that patients in high-need areas are treated (CHCF, 2022).

Loan forgiveness would help alleviate the long-term issue of supply vs. demand of healthcare providers as many people take out loans to finish school, and incentives like these would draw more people into the field. Whereas financial barriers discourage many prospective students from entering the medical field. Expanding debt relief programs that commit to serving in underserved areas would address both provider shortages and help redistribute professionals to where they are most needed.

Conclusion:

Intervention is essential to fix healthcare disparities and provider shortages. As time goes on, this gap between providers and patients will continue to increase in the U.S., particularly in underserved communities. By expanding telehealth, regulating concierge medicine, and leveraging the use of NPs, the healthcare system will take meaningful steps to improve the equity for those who do not have access to the critical care they need. Without immediate intervention, millions of Americans will continue to face delayed care and higher costs, leading to worsening health outcomes. Now is the time for policymakers to take action to create a fairer, more accessible healthcare system for all. By implementing these necessary changes, America can work toward a future where healthcare access is not dictated by geography, income, or insurance status.

Citations:

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