Executive Summary

The U.S. is expected to fall short of the required physicians needed to meet its growing healthcare needs. Policies allowing medical professionals with out-of-state licenses to practice (or gain an expedited license) vary greatly between states, but are one method being explored by states to address the growing physician shortage. Some policies are one-way, some are two-way (“reciprocal”), and others seek alternatives to federal action by creating multi-state agreements. Introduced in the 2022 Missouri legislative session, two bills (HB 2343 and SB 1002) seek to grant any person holding a valid and current physician or surgeons license (issued in another state and held for at least one year) an exemption on any examination, education, and experiential requirements when obtaining a reciprocal license in Missouri.

Highlights

- Licensure agreements, when combined with digital technologies, may help increase overall medical access, reduce costs, and improve patient outcomes in emergency situations where local expertise is unavailable.

- Several states have used limited purpose licenses, mutual recognition licenses, and streamlined procedures through interstate compacts to allow flexibility in obtaining medical licensure.

Limitations

- Comparative studies on the overall efficacy of one licensure model over another in decreasing medical shortages are not available.

- Most recent studies focus on interstate compacts and their effects on medical licensures and health care rather than other methods of license reciprocity.

Research Background

Licensure of Physicians and Healthcare Professionals

It is estimated that by 2025 the country will lack 90,000 physicians to cover the nation’s healthcare needs. Policy options to address this include reforming reimbursement policies for services rendered by specialists outside of coverage areas, using digital technologies like telehealth to reach patients that are geographically isolated, and reducing licensure burdens for medical professionals, allowing flexibility to serve larger areas.
All physicians in the U.S. are required to graduate from an accredited medical school, pass a comprehensive exam from a national medical board, and complete a nationally-accredited residency program at a healthcare facility. Medical licenses, which are also required to practice, fall under the purview of state medical boards. Table 1 summarizes the methods by which states carry out licensing procedures, including models where states recognize medical licenses from other states.2

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<thead>
<tr>
<th><strong>Model of Licensure</strong></th>
<th><strong>Brief Description</strong></th>
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<tbody>
<tr>
<td>Normal Full State Licensure</td>
<td>State requires full licensure procedure (including verifying examinations/education/residencies) for all physicians to practice in the state</td>
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<td>Consultation Exception</td>
<td>Practice exemptions for physicians who only work under consultation and in referral partnership with an in-state physician</td>
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<td>Limited or Special Purpose Licensure</td>
<td>Licenses for special types of services (such as telehealth); full license capacity recognized, but limited to conduct certain procedures, cannot physically practice in-state</td>
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<td>Endorsement</td>
<td>Physicians apply for an unrestricted license if already holding a valid license in another state; subject to similar full licensure process, but can be abbreviated if state recognizes the standards of partner states</td>
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<td>Uniform or Expedited Licensure</td>
<td>States offer an expedited licensure process for a full unrestricted license if universal national standards are met and certified often with third-party organizations (approved medical degree, no disciplinary history, passing a license exam, residency program, and a certification from a national board)</td>
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<tr>
<td>Interstate Collaboration or Mutual Recognition</td>
<td>States enter into a voluntary and collaborative agreement to recognize each other’s licenses without restriction, and allowing for harmonizing of standards</td>
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<td>Interstate Compact</td>
<td>States agree upon a set of licensing standards and physician then obtains a license in home state and is given a streamlined model by which to obtain a license in each subsequent state they wish to practice, so long as not under a disciplinary measure</td>
</tr>
<tr>
<td>National Licensure</td>
<td>Federalization of the licensure procedure that are based on federal standards or a combination of state and federal practice standards</td>
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Table 1: Summary table of different types of medical licensure models. This table summarizes the various types of licensure processes a state may allow for a medical professional, some of which may have a reciprocal nature, others one-way only. Information reproduced and summarized from the University of Maryland, School of Law.2

Forty-eight U.S. states and territories have taken some form of legal step described above to make practice mobility more achievable, but these vary greatly.3 Importantly, comparative studies of the effects of different licensure models do not exist, and most research has focused on the effects of interstate compacts.

A 2004 study found that medical licensure is estimated to cost $6.5 billion annually in added costs to Americans.4 Another study found that within the field of telemedicine (limited purpose
licensure) under the Medicare system, patients from rural areas (such as Alaska) were able to save between 27-46% on costs per visit when serviced by professionals in Mississippi, in particular under the context of COVID-19 relaxations of licensure policies. Many of such policies have since lapsed. Examples of these limited purpose telemedicine licenses and procedures have been shown to be viable and cost-effective models in instances of timely specialist need for early stroke patients, especially within rural settings.

For more information on telemedicine and telehealth more broadly, please see our Science Note: Broadband and Telemedicine.

State Legislation

In the 2022 Missouri legislative session, two bills have been introduced (HB 2343 and SB 1002) that would grant any person holding a valid and current physician or surgeons license (issued in another state and held for at least one year) to waive any examination, education, and experiential requirements when obtaining a reciprocal license in Missouri. The bills vary in the time that the State Board of Registration for the Healing Arts must approve the application, ranging from 1-6 months.

Other State Medical Licensure Policies

Twelve state medical boards (including in KS, AZ, and FL) issue special licenses or certificates for telehealth-specific services (limited purpose licensure) for a professional who is already licensed in another state if they abide by the medical board requirements (such as not physically being present in the state). Other states provide reciprocity for out-of-state health care providers to practice in-state (endorsement or limited purpose); Arkansas has a Border State Emergency Temporary License program that allows physicians from neighbor states (OK, LA, MO, MS, TN, and TX) to provide telemedicine visits for their patients; California offers registered nurses licensure reciprocity who have met educational, licensure, and examination requirements (uniform licensure). New Jersey further requires physicians to hold an active license in the state, even if only providing services in other states.

Eleven states (including MO, AZ, and FL) have enacted laws that grant universal licensure recognition to all occupations, and require physicians to submit verification of training, testing, and education from another state given payment of fees and having the license for a period of time or is in current good standing. At the federal level, several systems such as the Veterans’ Affairs (VA) Administration and the U.S. military TriCare system allow mutual recognition of medical professionals serving with any facility within the system.

Further, while many states maintain medical licensing requirements, exceptions have been made for extenuating circumstances, such as natural disasters or public health emergencies such as the COVID-19 pandemic (44 states eased occupational licensure requirements in some form during 2020-2021). Missouri executive order EO 20-04 reduced physician licensure barriers as a result of COVID-19 and expired in December 21, 2022. Passed in the 2020 Missouri legislative session, HB 1682 allows physicians and their patients to establish a relationship via a
telemedicine encounter if the standard of care did not require an in-person encounter. However, telemedicine providers are still required to be licensed within the state as of 2022.\textsuperscript{11}

**Interstate Compacts**

States are allowed (with congressional consent) to enter into legislative agreements amongst themselves under the [Compact Clause of the U.S. Constitution](https://www.imlcc.org). The Interstate Medical Licensure Compact (IMLC) is a reciprocity agreement that grants a streamlined licensure procedure to physicians in any state that has entered into the agreement, so long as they are not pending any criminal investigations, do not have a criminal history, and have also held that license for at least one year. At publication, 33 states (including KY, KS, TN, OK, NE, IA, and IL) and the District of Columbia have entered into the IMLC.\textsuperscript{13}

Three states in this compact (GA, OK, and VT) participate in the IMLC, but the medical licenses issued from these states are not valid for practice in other states. Physicians from another state are however allowed to practice with their out-of-state license when moving to these three states (a [hybrid of the interstate compact and uniform licensure model](https://www.imlcc.org)).

For more information on the IMLC and information on the impacts on health, please see our Science Note: [Interstate Medical Licensure Compact](https://www.imlcc.org).

**References**