

An Empirical Examination of the Political Economy of Occupational Licensing in the US Healthcare System

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Abstract

With a research emphasis on occupational licensure, this study develops a model of the decision by state legislators to regulate the entry and scope-of-practice of health occupations that incorporates both public interest and interest group forces, as well as factors with regard to the current structure and characteristics of the political and economic environment within which they operate. The model yields several testable hypotheses, and provides a framework within which one can explore the importance of competing forces in these decisions. Using this framework, the licensing legislation outcomes of five health occupations (medical doctors, doctors of osteopathy, physician's assistants, nurse practitioners, and certified nurse midwives) in the US are explored. Estimation of the multivariate logit model in this study reveals evidence of the effectiveness of organized interest groups and of the importance of the public interest in the adoption of occupational regulation. In addition, managed-competition is found to affect regulatory outcomes and become a driving force for the abolition of scope-of-practice licensure restrictions. The results of this study lend substantial support to a pluralistic model of the determinants of occupational regulation.

Key Words: occupational licensing, regulatory policy, public interest, regulatory capture