Department of Legislative Services

Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 925 (Delegate Donoghue)
Health and Government Operations

Health Insurance - Health Care Provider Credentialing Process

This bill specifies notification and payment requirements a health insurer, nonprofit health service plan, HMO, dental plan organization, or a credentialing intermediary (carrier) must meet when credentialing a health care provider.

Fiscal Summary

State Effect: Potential minimal expenditure increase for the State Employee and Retiree Health and Welfare Benefit Plan (State plan) beginning in FY 2006. No effect on revenues.

Local Effect: To the extent carriers incur additional costs and increase premiums, expenditures for local jurisdiction employee health benefits could increase. Any increase is expected to be minimal. Revenues would not be affected.

Small Business Effect: Minimal. Small business physicians who experience delayed credentialing with carriers could receive higher reimbursements for services provided during the credentialing process.

Analysis

Bill Summary: A carrier must notify a provider in writing within 10 business days that the carrier received the uniform credentialing form from the provider. A carrier must notify the provider within 10 business days of any material deficiencies in the form and of the time within which the provider must submit additional information. A provider

has at least 30 days in which to submit additional information. The carrier must acknowledge its receipt in writing within 10 business days of receipt.

The carrier must complete the credentialing process within 60 days following the latter of the receipt of the provider's uniform credentialing form or receipt of any additional information requested by the carrier. The carrier must act in good faith to not unreasonably delay the credentialing process.

A carrier must continue to credential a health care provider who changes employment or provides services under a new federal taxpayer identification number if the provider provides written notice of the change within 30 days.

If a carrier approves a provider, the carrier must reimburse a health care provider for any services rendered while the uniform credentialing application is being considered by the carrier. A health care provider must inform a patient of the provider's credentialing status before providing a service to the patient and that the patient may be responsible for payment to the provider. A carrier must extend the period of claims submission of a health care provider who is being credentialed for a period of 90 days following the credentialing decision. Any claim submitted before the 90-day period must be considered timely filed, if the claim was held in suspension by the carrier pending credentialing.

Current Law: A health care provider who seeks to participate on a carrier's provider panel must submit an application (the uniform credentialing form) to the carrier for consideration. Within 30 days after receipt of a completed application, the carrier must provide written notice to the provider of the status of the application. A carrier has 150 days to accept or reject the provider for participation and send written notice of the acceptance or rejection to the provider. If a carrier fails to provide these notices, the Insurance Commissioner may impose a penalty of $100 to $125,000 for each violation and require the carrier to make restitution to any person who has suffered financial injury because of this violation.

A carrier must accept the uniform credentialing form as the sole application for provider panel participation. The Insurance Commissioner may impose a penalty not to exceed $500 against any carrier that violates uniform credentialing form requirements.

State Fiscal Effect: State plan expenditures could increase by a minimal amount, beginning in fiscal 2006. Physicians generally receive a higher reimbursement rate as a participating provider on a carrier's provider panel. To the extent State plan carriers reimburse physicians retroactively for services provided during the credentialing process,

State plan expenditures could increase. The bill does not apply to Medicaid managed care organizations. Revenues would not be affected.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; and 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene (Medicaid, Boards and Commissions, Maryland Health Care Commission), Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

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Analysis by: Susan D. John

Direct Inquiries to:
(410) 946-5510
(301) 970-5510