Department of Legislative Services

Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 574 (Delegate Donoghue, *et al.*)
Health and Government Operations Finance

Health Insurance - Credentialing and Recredentialing of Health Care Providers

This bill prohibits a health insurer, nonprofit health service plan, a dental plan organization, or HMO (carrier) from requiring a health care provider on its provider panel to undergo recredentialing because of a change in the provider's federal tax identification number or other specified changes.

Fiscal Summary

State Effect: The reporting requirements and any additional complaints generated by the bill's requirements could be handled with existing Maryland Insurance Administration (MIA) resources. No effect on revenues.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: A carrier cannot require a health care provider to undergo recredentialing because of a change in: (1) the provider's federal tax identification number; (2) the federal tax identification number of a provider's employer; or (3) the provider's employer, if the new employer is a participating provider on the carrier's provider panel or employs providers on the carrier's provider panel.

A health care provider must provide written notice to the carrier of a change in the federal tax identification number not less than 45 days before the effective date of the change.

The notice must include specified information. Within 30 business days after receipt of the notice, a carrier must acknowledge receipt of the notice and issue a new provider number if needed.

The bill also changes the timeframe in which a carrier must notify a provider of whether the provider has been accepted or denied participation on the carrier's provider panel from 150 to 120 days after an initial notice of receipt of application was sent.

MIA, in consultation with DHMH, the Maryland Board of Physicians, and representatives of nonprofit health service plans, health insurers, HMOs, physicians, practice managers, hospitals, and other health care providers must: (1) compare the credentialing system for health providers used in the State to the systems used in other states; (2) compare the uniform credentialing form used in the State to the format used by the Council for Affordable Quality Healthcare; (3) identify the mechanisms used by physicians and other health care providers to complete credentialing; and (4) identify ways to improve the credentialing system used in the State. MIA must report its findings by January 1, 2007 to specified legislative committees.

Current Law: A "provider panel" is the group of providers that contract with a carrier to provide health care services to the carrier's enrollees under the carrier's health benefit plan. A carrier "credentials" a provider to determine if that provider meets the requirements necessary to participate on a provider panel. A carrier is prohibited from denying or terminating provider participation based on such factors as gender, race, age, religion, and other factors not directly related to the provision of health care services.

A provider that seeks to participate on a carrier's provider panel must submit an application to the carrier. The carrier must accept or reject the provider for participation on the provider panel. Within 30 days of receipt of the application, the carrier must notify the provider of either the carrier's intent to continue the credentialing process or the carrier's rejection of the provider. If the carrier intends to continue the credentialing process, the carrier must notify the provider within 150 days after the date notice is provided of whether the provider is accepted or rejected.

Background: Four years ago, the Council for Affordable Quality Healthcare, a private nonprofit alliance of the nation's largest health plans and networks, launched a Universal Credentialing DataSource service. The service allows physicians to go online and file credentialing information for free through a single application. According to *American Medical News*, the newsletter for the American Medical Association, the CAQH form meets the credentialing needs of about 250 participating health plans, hospitals, and other organizations. The use of a single form has reduced paperwork and administrative costs

for physicians. Carriers in Maryland are not permitted to use the CAQH form, because State law requires the use of the uniform credentialing form developed by MIA.

Additional Information

Prior Introductions: None.

Cross File: SB 636 (Senator Teitelbaum, *et al.*) – Finance.

Information Source(s): Comptroller's Office, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2006
mam/jr Revised - House Third Reader - March 22, 2006

Analysis by: Susan D. John

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