

# SENATE BILL 646

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CF HB 526

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By: **Senator Astle**

Introduced and read first time: February 6, 2009

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 4, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Credentialing of Health Care Providers by Managed Care Organizations,**  
3 **Insurance Carriers, and Hospitals**

4 FOR the purpose of providing that certain provisions of law relating to credentialing of  
5 health care providers by carriers apply to managed care organizations;  
6 ~~requiring the Secretary of Health and Mental Hygiene to designate providing~~  
7 hospitals with the option of using a certain form as the uniform standard  
8 credentialing form for hospitals; authorizing the Maryland Insurance  
9 Commissioner to designate a certain provider credentialing application as the  
10 uniform credentialing form under certain circumstances; altering a certain  
11 ~~definition~~ definitions; and generally relating to credentialing of health care  
12 providers.

13 BY repealing and reenacting, with amendments,  
14 Article – Health – General  
15 Section 15–102.3 and 19–319(e)  
16 Annotated Code of Maryland  
17 (2005 Replacement Volume and 2008 Supplement)

18 BY repealing and reenacting, with amendments,  
19 Article – Insurance  
20 Section 15–112.1  
21 Annotated Code of Maryland  
22 (2006 Replacement Volume and 2008 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.





SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

**Article – Health – General**

15–102.3.

(a) The provisions of § 15–112 of the Insurance Article (Provider panels) shall apply to managed care organizations in the same manner they apply to carriers.

(b) The provisions of § 15–1005 of the Insurance Article shall apply to managed care organizations in the same manner they apply to health maintenance organizations.

(c) The provisions of §§ 4–311, 15–604, 15–605, and 15–1008 of the Insurance Article shall apply to managed care organizations in the same manner they apply to carriers.

(d) (1) The provisions of §§ 19–712(b), (c), and (d), 19–713.2, and 19–713.3 of this article apply to managed care organizations in the same manner they apply to health maintenance organizations.

(2) The Insurance Commissioner shall consult with the Secretary before taking any action against a managed care organization under this subsection.

**(E) THE PROVISIONS OF § 15–112.1 OF THE INSURANCE ARTICLE APPLY TO MANAGED CARE ORGANIZATIONS IN THE SAME MANNER THEY APPLY TO CARRIERS.**

[(e)] (F) The Insurance Commissioner or an agent of the Commissioner shall examine the financial affairs and status of each managed care organization at least once every 5 years.

19–319.

(e) (1) In this subsection, “uniform standard credentialing form” means ~~the~~:

(I) THE form designated by the Secretary through regulation for credentialing physicians who seek to be employed by or have staff privileges at a hospital; OR

(II) THE UNIFORM STANDARD CREDENTIALING FORM THAT THE INSURANCE COMMISSIONER DESIGNATES UNDER § 15–112.1 OF THE INSURANCE ARTICLE.

(2) As a condition of licensure, each hospital shall:



(i) Establish a credentialing process for the physicians who are employed by or who have staff privileges at the hospital; and

(ii) Use the uniform standard credentialing form as the initial application of a physician seeking to be credentialed.

(3) Use of the uniform standard credentialing form does not preclude a hospital from requiring supplemental or additional information as part of the hospital's credentialing process.

(4) The Secretary shall, by regulation and in consultation with hospitals, physicians, interested community and advocacy groups, and representatives of the Maryland Defense Bar and Plaintiffs' Bar, establish minimum standards for a credentialing process which shall include:

(i) A formal written appointment process documenting the physician's education, clinical expertise, licensure history, insurance history, medical history, claims history, and professional experience.

(ii) A requirement that an initial appointment to staff not be complete until the physician has successfully completed a probationary period.

(iii) A formal, written reappointment process to be conducted at least every 2 years. The reappointment process shall document the physician's pattern of performance by analyzing claims filed against the physician, data dealing with utilization, quality, and risk, a review of clinical skills, adherence to hospital bylaws, policies and procedures, compliance with continuing education requirements, and mental and physical status.

~~(5) THE SECRETARY SHALL DESIGNATE AS THE UNIFORM STANDARD CREDENTIALING FORM THE SAME UNIFORM CREDENTIALING FORM THAT THE INSURANCE COMMISSIONER DESIGNATES UNDER § 15-112.1 OF THE INSURANCE ARTICLE.~~

~~[(5)] (6)~~ If requested by the Department, a hospital shall provide documentation that, prior to employing or granting privileges to a physician, the hospital has complied with the requirements of this subsection and that, prior to renewing employment or privileges, the hospital has complied with the requirements of this subsection.

~~[(6)] (7)~~ If a hospital fails to establish or maintain a credentialing process required under this subsection, the Secretary may impose the following penalties:

(i) Delicensure of the hospital; or



(ii) \$500 per day for each day the violation continues.

## Article – Insurance

15–112.1.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Carrier” means:

1. an insurer;
2. a nonprofit health service plan;
3. a health maintenance organization;
4. a dental plan organization; [or]

### **5. A MANAGED CARE ORGANIZATION; OR**

[5.] **6.** any other person that provides health benefit plans subject to regulation by the State.

(ii) “Carrier” includes an entity that arranges a provider panel for a carrier.

(3) “Credentialing intermediary” means a person to whom a carrier has delegated credentialing or recredentialing authority and responsibility.

(4) “Health care provider” means an individual who is licensed, certified, or otherwise authorized under the Health Occupations Article to provide health care services.

(5) “Provider panel” means the providers that contract with a carrier to provide health care services to the enrollees under a health benefit plan of the carrier.

(6) “Uniform credentialing form” means the form designated by the Commissioner for use by a carrier or its credentialing intermediary for credentialing and recredentialing a health care provider for participation on a provider panel.

(b) (1) Except as provided in subsection (c) of this section, a carrier or its credentialing intermediary shall accept the uniform credentialing form as the sole application for a health care provider to become credentialed or recredentialed for a provider panel of the carrier.



(2) A carrier or its credentialing intermediary shall make the uniform credentialing form available to any health care provider that is to be credentialed or recredentialed by that carrier or credentialing intermediary.

(c) The requirements of subsection (b) of this section do not apply to a hospital or academic medical center that:

(1) is a participating provider on the carrier's provider panel; and

(2) acts as a credentialing intermediary for that carrier for health care practitioners that:

(i) participate on the carrier's provider panel; and

(ii) have privileges at the hospital or academic medical center.

(d) The Commissioner may impose a penalty not to exceed \$500 against any carrier for each violation of this section by the carrier or its credentialing intermediary.

(e) (1) The Commissioner may adopt regulations to implement the provisions of this section.

(2) ~~In adopting the regulations required under paragraph (1) of this subsection, the Commissioner shall consider the use of an electronic format for the uniform credentialing form and the filing of the uniform credentialing form by electronic means~~ **THE COMMISSIONER MAY DESIGNATE A PROVIDER CREDENTIALING APPLICATION DEVELOPED BY A NONPROFIT ALLIANCE OF HEALTH PLANS AND TRADE ASSOCIATIONS FOR AN ONLINE CREDENTIALING SYSTEM OFFERED TO CARRIERS AND PROVIDERS AS THE UNIFORM CREDENTIALING FORM IF:**

**(I) THE PROVIDER CREDENTIALING APPLICATION IS AVAILABLE TO PROVIDERS AT NO CHARGE; AND**

**(II) USE OF THE PROVIDER CREDENTIALING APPLICATION IS NOT CONDITIONED ON SUBMITTING THE PROVIDER CREDENTIALING APPLICATION TO A CARRIER THROUGH THE ONLINE CREDENTIALING SYSTEM.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2009.