Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 646 (Senator Astle)
Finance Health and Government Operations

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

This bill requires each hospital to use one of two uniform credentialing forms for credentialing physicians: (1) the form designated by the Secretary of Health and Mental Hygiene; or (2) the uniform credentialing form designated by the Maryland Insurance Commissioner. The Commissioner is authorized to designate a specified provider credentialing application if the application is available to providers at no charge and use of the application is not conditioned on submitting the application to a carrier through a specified online credentialing system. Managed care organizations are also added to the list of carriers subject to uniform credentialing requirements.

Fiscal Summary

State Effect: Designation of the provider credentialing application can be handled within existing budgeted resources. The bill's provision subjecting managed care organizations to uniform credentialing requirements codifies current practice. The Maryland Insurance Administration (MIA) can utilize current staff to handle any additional complaints.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A carrier or its credentialing intermediary must accept the uniform credentialing form designated by the Insurance Commissioner as the sole application for

a health care provider to become credentialed or recredentialed for a provider panel. An exception is made for a hospital or academic medical center that is a participating provider on the carrier's provider panel and acts as a credentialing intermediary for that carrier for health care practitioners that participate on the carrier's provider panel and have privileges at the hospital or academic medical center. The Insurance Commissioner may impose a penalty of up to $500 against any violation of this requirement. This requirement does not specifically apply to managed care organizations.

A carrier that uses a provider panel must provide a credentialing application and information about participation on the carrier's provider panel to any requesting provider. A provider that seeks to participate on a carrier's provider panel must submit a credentialing application, and a carrier must accept or reject the provider for participation on the panel.

Within 30 days of receipt of a completed credentialing application, a carrier must send a provider written notice of either the carrier's intent to process the provider's application or the carrier's rejection of the provider's application. Within 120 days after this initial notice is provided, a carrier must send the provider written notice of the acceptance or rejection of the credentialing application. Failure to provide this second notice can result in suspension or revocation of a carrier's certificate of authority, a penalty of between $100 and $125,000 per violation, a requirement to make restitution to a provider that has suffered financial injury, and/or an order to cease and desist writing insurance. These provisions apply to carriers and managed care organizations.

As a condition of licensure, each hospital has to establish a credentialing process for physicians and use the uniform standard credentialing form designated by the Secretary through regulation as the initial application of a physician seeking to be credentialed. The Secretary may impose a fine of up to $500 per day or delicense a hospital that fails to establish or maintain a credentialing process as required.

Background: This bill is based on one of eight recommendations of the Task Force on Health Care Access and Reimbursement, which issued its final report in December 2008. The task force found that data gathering for credentialing is time consuming and expensive for hospitals and health plans. Providers must respond to redundant data requests, delay providing care, and suffer a loss in revenue because of delays in review of documentation. Centralizing credentialing enables health plans and hospitals to obtain information from several common trusted sources and enables providers to submit most information just once.

While the Department of Health and Mental Hygiene's Office of Health Care Quality (OHCQ) and MIA have common standard credentialing forms, MIA's form is aligned with the Council for Affordable Quality Healthcare (CAQH) universal provider datasource, while the OHCQ form is not. The task force concluded that MIA and OHCQ

should align their standards using CAQH resources to improve efficiency by eliminating duplicate hospital and health plan data collection. In the long term, hospitals and health plans may see savings due to reduced staffing for credentialing and privileging functions.

Additional Information

Prior Introductions: None.

Cross File: HB 526 (Delegate Costa, *et al.*) - Health and Government Operations.

Information Source(s): Task Force on Health Care Access and Reimbursement *Final Report and Recommendations*, December 2008; Department of Health and Mental Hygiene; Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2009
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