

MEMO IN OPPOSITION

FOR IMMEDIATE RELEASE: MAY 15, 2005

Re: S.3269-A (Spano)/A.6368-A (Bradley)

An act to amend the insurance law in relation to reimbursement to physicians prior to the date of receiving a credentialing number.

This proposal, S.3269-A/A.6368-A, amends the insurance law to require health plans to develop policies to facilitate physician reimbursement for services provided *before* they are duly credentialed with a health plan. This legislation is a dangerous precedent that violates accreditation requirements for hospitals and health plans, subjects patients to unnecessary dangers, and establishes a new and unwelcome level of liability for health plans. Accordingly, the New York Health Plan Association (HPA) opposes this legislation.

Common Credentialing Delays: Incomplete Applications

Every health plan recognizes the importance of adding qualified physicians in a timely fashion to ensure their enrollees have access to needed health care services. The majority of applications are processed promptly. When delays do occur, they are typically tied to an omission of data on the application, such as insufficient verification of a physician's hospital training. A study by Highmark (Pennsylvania) found that 50% of the credentialing applications were in some manner incomplete, requiring follow-up fax, phone call or signature. In many cases credentialing lag times are dependent on the responsiveness of the provider supplying the necessary information. Even if the application is complete, the vetting of that application may also be delayed – but not due to any lack of due diligence by the plan. Certain employers or academic centers may not be able to verify information in a timely manner. This legislation would require plans to reimburse these providers, potentially exposing patients to sub-par health care. The provisional credentialing of any provider without a complete and fully vetted application on file is an inappropriate for health plans and unsafe for patients.

S.3269/S.6368 Is Contrary To National Accreditation Standards

Health plans and hospitals seek accreditation from independent organizations to certify their quality. For health plans, two organizations provide the “good housekeeping seal” – the National Committee for Quality Assurance (NCQA) and the Utilization Review Accreditation Commission (URAC). Hospitals have a similar accreditation entity known as the Joint Commission on Accreditation of Healthcare Organizations (JCAHO). For an organization to be accredited by these independent watchdogs, it must undergo a rigorous review and meet quality standards in a variety of areas, including credentialing. URAC state: *“The organization requires that the credentialing committee review and approve the application prior to granting participation status.”* NCQA requires health plans to credential physicians within 180 days of a *complete* application. Under the terms of this legislation, plans would be unable to achieve accreditation.

Under NCQA, provisional status can only be afforded (in part) if the plan conducts primary source verification and written confirmation of the past five years of malpractice claims or settlements. JCAHO does not provisionally credential physicians, however it allows for an “expedited” credentialing in two specific cases. One is when a physician has a certain skill that is needed for a specific, usually single procedure. The second case is related to civil emergencies (i.e.: terrorist attack). Even in these cases, applications by these providers must be complete and

senior hospital officials are required to sign-off on the expedited process. This legislation exceeds the standards established by these organizations.

Medicaid Does Not Provisionally Credential Providers

Medicaid fee-for-service providers are required to submit an application to the Health Department to serve beneficiaries. The department has up to 120 days to complete its “investigation” to verify or supplement the information contained in the application. The Department retains the right to request further information from an applicant and may require the background and qualifications of an applicant. It is inappropriate to require health plans to provisionally credential providers if the same requirement is not placed on the state in the administration of Medicaid.

A.3269-A/A.6368-A Has Several Technical Errors

Finally, the bill has several technical concerns that underline the supporters’ lack of knowledge of the insurance industry. For instance, the title of the bill states that the proposal will provide the “ability of a physician to bill *patients...*” In this case, physicians want to bill health plans not patients. Additionally, the bill fails to specify that the reimbursement for provisional providers will be at the participating provider rate. Without this clearly stated, these providers could seek higher reimbursements as an out of network provider – or even seek to balance bill patients. Without greater clarity, this bill will create significant reimbursement issues that will engender higher costs.

Health plans appreciate that credentialing is a significant burden to providers. To address these concerns, plans have taken the lead in underwriting and implementing a program to develop a statewide – indeed nationwide – credentialing form and process. Today, the vast majority of plans in New York subscribe to the credentialing form issued by the Coalition for Affordable Quality Healthcare (CAQH). It is a free service for physicians that requires that they fill out a single application that can be forwarded to almost every commercial plan in New York and, increasingly, across the country. Instead of promoting this one-sided proposal, supporters of this legislation should work with health plans to get more physicians to utilize this service.

For all these reasons, HPA opposes this S.3269-A/A.6368-A.