

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 01/25/10

SPONSOR Picraux & Feldman LAST UPDATED \_\_\_\_\_ HJM 3

SHORT TITLE Health Care Practitioner Credentialing SB \_\_\_\_\_

ANALYST Wilson

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SJM 1 & SJM 8

#### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Health (DOH)  
Public Regulation Commission (PRC)  
Regulation and Licensing Department (RLD)

#### SUMMARY

##### Synopsis of Bill

House Joint Memorial 3 requests the Insurance Division (DOI) of the PRC to convene a task force to develop a single statewide process for the credentialing of health care practitioners.

Membership of the task force will include representatives from the New Mexico Medical Society, the San Juan Independent Practice Association, the New Mexico Nurse Practitioner Council, all health plans with Medicaid contracts, the New Mexico Hospital Association, the Hospital Services Corporation, the New Mexico Primary Care Association and the New Mexico Medical Board and from at least two private insurers.

Findings and recommendations of this task force are to be reported to the Interim Legislative Health and Human Services Committee by November 2010. Copies of this memorial are to be transmitted to the DOI and the Human Services Department.

## **FISCAL IMPLICATIONS**

There is no fiscal impact created by this memorial since the agencies affected by this bill can handle the provisions of this memorial with existing resources and staff as part of ongoing responsibilities.

There may be a considerable savings to the State if this task force can develop and implement a single statewide process for the credentialing of health care practitioners.

## **SIGNIFICANT ISSUES**

Credentialing includes primary source verification by which the reported qualifications of a health care practitioner are verified by the original source or an approved agent of that source of information. The health care practitioner must be credentialed to be reimbursed for care or services by a managed health care plan.

Credentialing can take up to 120 days to complete.

Entities exist that perform the primary source verification of the information provided in the credentialing application, but health care practitioners still must complete the paperwork to submit the application multiple times. The New Mexico Medical Society has collaborated with the New Mexico Medical Board and the Hospital Services Corporation to create a uniform application process that insurers and health plans will accept, but some insurers and health plans utilize a different application for credentialing.

With more than one credentialing entity, there is no centralized database of credentialing information in the state of New Mexico.

The credentialing process is duplicated multiple times, and must be done at least every two years. The bill notes that State law requires the Human Services Department to negotiate with Medicaid contractors to ensure that contractors' credentialing requirements are coordinated with other credentialing processes required of individual practitioners. Despite these recent regulations and state statute, evidence has not yet been seen to support the simplification of the credentialing process for New Mexico health care practitioners.

Creation and implementation of a consolidated single credentialing process is intended to reduce what the memorial currently describes as an expensive, duplicative, time consuming and administratively burdensome process.

The PRC notes that New Mexico has legislation on the books that requires another task force to do similar tasks. NMSA 1978, § 9-7-11.3.

The PRC also notes that there are currently three pre-filed memorials that request various reports from the DOI concerning aspects of health care reform. In addition to this bill, HJM 3, SJM 1 requests the DOI to form a Health Care Reform Working Group, and requests a broad look at what will be needed in New Mexico to implement health care reform. SJM 8, which concerns studying administrative costs and savings, could be seen as a subset of SJM 1.

The PRC suggests that rather than go forward with three separate working groups and task

### **House Joint Memorial 3 – Page 3**

forces, there will be less duplication of effort to combine the subjects of the three memorials into a task for one working group. The DOI could then assign sub-issues to interested members of the one working group and prepare one report for the legislature that subsumed all of the findings.

DOH agrees the current process of credentialing a single health care provider is a time-consuming and repetitive process, requiring time and attention from multiple health care providers, agency administrators, licensure boards, schools, and national data banks. It requires completion of a 30-40 page application by each individual health care provider, verification of education, licensure, employment, insurance, claims history and references by a contracted entity, Hospital Services Corporation, and subsequent review, approval and monitoring by credentialing committees within each health care entity. This process currently takes 90-120 days to complete and must be updated every two or three years, and repeated for each of several entities involved in health care: Medicaid, Medicare, Managed Care Organizations (MCO), health insurance companies, hospitals, nursing homes, and clinics.

### **ADMINISTRATIVE IMPLICATIONS**

Insurance companies and credentialing entities will receive information quicker and RLD staff will realize less administrative responsibility. With the budget reductions and a freeze on hiring, RLD has a significant vacancy rate and will benefit substantially from the elimination of verifying licenses. A licensee may work for multiple employers that require separate verification of credentials. This requires staff to provide the same information multiple times and reduces the time spend in licensing, renewing and processing consumer complaints

### **RELATIONSHIP**

HJM 3 relates to SJM 1 & SJM 8 (See Significant Issues)

### **OTHER SUBSTANTIVE ISSUES**

The PRC provided the following:

While the memorial asserts that the credentialing process can take up to 120 days, typically it is completed in far less time. For instance, under recently promulgated rules for health maintenance organizations under the jurisdiction of the Superintendent of Insurance, credentialing must be completed in forty-five days upon receipt of a completed application and all supporting documents. Because some of the affected organizations are national in scope, and utilize the Council for Affordable Quality Healthcare (“CAQH”) standardized form, this insurance regulation requires use of either the Health Services Corporation or CAQH universal credentialing data source forms.

Medicaid managed care plans, State Coverage Initiative plans and other health care plans are governed by state regulations that refer to compliance with both state and federal regulations in the area of credentialing. Development of a uniform statewide credentialing process will require taking all of these regulations into consideration, particularly any federal regulations that must be followed to receive federal funds.

The two year credentialing period was first addressed in 2003, when the legislature

## **House Joint Memorial 3 – Page 4**

passed a law which required the Superintendent of Insurance to adopt rules pursuant to the health care practitioners licensing and credentialing task force recommendations created pursuant to ensure that the credentialing occurred no more frequently than every three years, to be scheduled to coincide with national accrediting organizations and hospital and managed care organizations' credentialing requirements. On April 30, 2007, the Superintendent adopted an amended rule to conform to the legislative requirement. Two years later, on September 1, 2009, the Superintendent adopted amended managed health care rules, which eliminated the three year requirement and incorporated the New Mexico Medical Society uniform application process, with the understanding that this application process was requested by practitioners and will help eliminate duplication for practitioners.

### **ALTERNATIVES**

RLD would like to have a representative on the task force in order to represent the medical and mental health professions the department regulates.

DW/mew