HOUSE
RESEARCH
ORGANIZATION bill analysis

HB 1594
Zerwas

4/3/2007

(CSHB 1594 by Thompson)

SUBJECT: Expedited managed care credentialing for physicians providing services.

COMMITTEE: Insurance — committee substitute recommended

VOTE: 8 ayes — Smithee, T. Smith, Taylor, Eiland, Hancock, Thompson, Vo, Woolley

              0 nays

              1 absent — Martinez

WITNESS: For — Brian Agnew, Texas Medical Group Management Association and Catalyst Consulting; Jerry D. Hunsaker, Texas Medical Association; Jaime Ronderos, Texas Society of Anesthesiologists; (*Registered, but did not testify:* Tom Banning, Texas Academy of Family Physicians; Jaime Capelo, Texas Chapter of the American College of Cardiology and Texas Ambulatory Surgery Center Society; Betty J. Edwards, Texas Association of Obstetricians and Gynecologists; Gary Floyd, Texas Pediatric Society; Harry Hendrix, Capitol Anesthesiology Association; Patricia Kolodzey, Texas Hospital Association; David Marwitz, Texas Dermatological Society; Sister Michele O'Brien, Christus Health and Christus Santa Rosa Healthcare; Shellie Pruden, Texas Medical Group Management Association; Michelle Romero, Texas Academy of Internal Medicine Services; Eric Weaver, Texas Medical Group Management Association and Capital Cardiovascular Specialists; Manuel L. Acosta; and 15 others)

              Against — Jared Wolfe, Texas Association of Health Plans

BACKGROUND: Under Insurance Code, ch. 1452, a licensed physician who wishes to practice in a community must be credentialed by the health plans that serve that community. The commissioner of insurance requires that health maintenance organizations verify the validity of a physician's license to practice medicine, the certificate issued by the Department of Public Safety, the certificate issued by the federal Drug Enforcement Administration, and any other certificate the physician is required to hold. The credentialing must be complete before the health plan can approve the physician to see patients in its network.

              Insurance Code, sec. 1457.002 requires each health plan to have a process in compliance with the requirements of the National Committee for

Quality Assurance (NCQA) for the provisional credentialing of physicians. A health plan can grant provisional credentialing status to a physician who submits a completed standard credentialing application to the health plan, meets the health plan's requirements for provisional credentialing, and joins an established medical group. The plan must complete the credentialing process within 60 days of granting provisional status to the physician.

DIGEST: CSHB 1594 would create an expedited credentialing process in the Insurance Code for physicians participating in managed care plans. The managed care organization would be required to treat the physician applying for expedited credentialing as a participating provider in the health plan's network. The applicant physician would be authorized to collect copayments and fees from patients enrolled in the plan, and the managed care organization would be required to make payments to the applicant physician.

The bill would apply only to a physician licensed to practice in Texas who was in good standing with the Texas Medical Board and joined a medical group already under contract with a managed care plan. To obtain expedited credentialing, the physician would have to correctly submit all documentation to the managed care plan necessary to begin the credentialing process.

If an applicant physician did not meet the plan's credentialing requirements, CSHB 1594 would allow the plan to recover from the physician or the physician's medical group the difference between in-network and out-of-network physician payments. The physician or the medical group could retain any copayments collected from patients.

A plan enrollee who received care from an applicant physician who did not meet credentialing requirements would not be liable for paying any portion of the physician's fee that was not paid by the managed care plan or for paying the difference between in-network and out-of-network costs.

The bill would take effect September 1, 2007, and would apply only apply to contracts made on or after the effective date.

SUPPORTERS
SAY: CSHB 1594 would help improve the delivery of medical care by alleviating payment hassles commonly experienced by physicians and patients in managed care plans during the physician's credentialing

process. The normal credentialing process typically takes between three and eight months, during which time applicant physicians are not considered in-network providers in managed care plans. As a result, a new physician in a medical group, for example, may not be approved to see patients by all the managed care plans that have contracts with the group. Such physicians who treat managed-care enrollees are not assured payment by the plans, and their patients must pay higher, out-of-network costs to see that particular doctor, even though other established physicians in the group might be considered in-network.

These fee and payment concerns create an unnecessary burden for doctors and the patients they treat, especially if a serious medical situation should occur during the credentialing process. Expedited credentialing immediately would allow otherwise qualified physicians to see any patient enrolled in a managed care plan without worrying about receiving payment from the plan or charging higher costs to the patient. This would be very helpful, for example, when a physician joined a new medical group or when a patient and doctor wished to maintain a treatment relationship after the patient's employer changed health plans.

CSHB 1594 would not adversely affect the business of health plans or undermine the quality of care they provide. The expedited credentialing process in the bill would be quite similar to current law in the Insurance Code that governs provisional credentialing in accordance with NCQA accreditation standards. NCQA has never revoked the accreditation of a Texas health plan because of problems related to provisional credentialing, and there is no reason that expedited credentialing should be any different. Further, only qualified and suitable doctors would be able to take advantage of the expedited credentialing process because CSHB 1594 would extend eligibility only to physicians in good standing with the Texas Medical Board.

While provisional credentialing already is an option under current law, managed care plans rarely use this process. As a result, physicians and patients must endure billing and payment hassles for months while plans complete their time consuming credentialing processes. CSHB 1594 would make it mandatory for managed care plans to participate in expedited credentialing.

OPPONENTS
SAY:

Credentialing is a serious issue performed specifically to ensure quality of care for people enrolled in managed care plans. In the past, health plans have been held liable for allowing unsuitable physicians to practice in their networks. By expediting the credentialing process, this bill could allow unsuitable physicians to practice within networks, and health plans could be held liable because they did not properly investigate the suitability of the physicians.

CSHB 1594 could adversely affect the business of health plans because they are accredited at a national level by NCQA. The bill might violate some of the strict physician and quality review standards held by this organization. If so, some managed care plans could lose their national accreditation, preventing them from enrolling some large employers that do not purchase insurance from health plans that are not NCQA-accredited. The process for provisional credentialing in current law is sufficient to speed up the credentialing process for applicant physicians without creating potential civil and financial liability for health plans.

NOTES:

The bill as introduced referred to "charges" rather than "total payments" when discussing the monetary difference between in-network fees and out-of-network services for which a managed care enrollee would not be liable as a result of seeing a physician who failed to meet the plan's credentialing requirements.

SB 1111 by Carona, which is nearly identical to CSHB 1594, has been referred to the Senate State Affairs Committee.