The Hospital + Healthsystem Association of Pennsylvania

Leading for Better Health

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Streamline PA's Physician Insurance Credentialing Process Now

Before clinicians can bill an insurance company to receive reimbursement for health care services, they must undergo a "credentialing" process through which insurers verify physician qualifications, practice history, and demographic information. Current procedures to do this in Pennsylvania are outdated and inefficient.

Why are current credentialing processes bad for PA?

- They delay patient access to care, especially in areas experiencing provider shortages
- They prevent new or relocating physicians from beginning practice and being reimbursed for seeing patients
- They contribute to higher costs due to unnecessary administrative burdens

Growing Provider Shortages and Patient Demand Drive the Call for Change

Before newly trained or relocating doctors can receive reimbursement for seeing patients, they *must apply to and be approved by each health insurance plan with enrollees in their area*. Most of Pennsylvania's plans have their own credentialing process, each often requiring dozens of pages of faxed-in forms. Approvals can take up to six months, which limits access to care and thwarts efforts by physician practices, hospitals, and health systems to reduce provider shortages. This increases administrative costs for physicians and their affiliated hospitals and practices.

Shortages are real and worsening. This is especially true among primary care providers (PCPs). Federal data from June 2019 demonstrate that Pennsylvania has twice as many primary care health professional shortage areas as the region's average and a third more than the average state or territory.[1]

According to 2017 Census data, the national average is 75 PCPs per 100,000 residents, but Pennsylvania's rural counties have only 60 per 100,000.[2] Another analysis suggests that by 2030, the commonwealth will lack more than 1,000 additional PCPs.[3]

Demand for care is on the rise. As of August 2019, more than 690,000 Pennsylvanians—many of them previously uninsured—have newly secured health insurance through the Affordable Care Act.[4] This has contributed to an increased need for PCPs.

The growing 65+ population, which tends to use health care more than their younger counterparts, also is driving up demand for physician services. Census data from 2018 indicate than 18.2 percent of Pennsylvanians (i.e., more than 2.3 million people) are aged 65 and over, with an additional 500,000 poised to reach age 65 between 2010 and 2020.[5]

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Current Credentialing Processes are Costly

Inefficient credentialing processes are costly. In one example, a rural hospital in Pennsylvania requires two dedicated full time staff to manage the credentialing process; its affiliated practices reportedly lose $400,000 to $480,000 during the usual four-month plan approval window.[6] Other hospitals reported that, in some cases, credentialing delays translate into clinicians providing care for which their hospitals will never be reimbursed.

Uniform Credentialing Could Save $1.8 Billion a Year

These concerns are validated by research. One study found that physicians and practice staff spend an average of three hours and 20 hours respectively to submit each of 18 different credentialing forms each year—and concluded that a unified system across the payers and hospitals could save $1.8 billion annually.[7] These dollars add up for Pennsylvania hospitals—more than 80 percent of which reported operating margins below the 4 to 6 percent needed for long-term sustainability.[8]

HAP Position: Streamline the Process

The Council for Affordable Quality Healthcare (CAQH) offers an electronic credential application process used by more than 1,000 insurance plans throughout the country. Some Pennsylvania health plans already use CAQH's credentialing process—in fact, as of September 2019, nearly 75 percent of the commonwealth's physicians are registered with CAQH.[9] Encouraging **all** providers and payers to use this or a similar process can shorten processing time, reduce unnecessary administrative requirements, and enable doctors to care for patients without credentialing delays.

HAP supports House Bill 533, which would require health insurers to standardize the credentialing application and to issue a determination within 45 days of receiving a completed application. The bill would allow for administrative penalties on insurers if they fail to use the designated applications or to complete the credentialing process as required.[10] These reforms are critical to resolving this fixable administrative barrier and bringing much needed resources to those who need it most.

NOTE: Citations and links in this document are current as of 9/19/2019.

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[1] Designated Health Professional Shortage Areas. U.S. Health Resources & Services Administration. 6/30/2019.
[2] County Level Data (2017). U.S. Health Resources and Services Administration.
[3] Pennsylvania: Projecting Primary Care Physician Workforce. Robert Graham Center. 9/2013.
[4] Total Number of Individuals in HealthChoices Due to MA Expansion. Pennsylvania Dept. of Human Services. 8/30/2019
[5] United States Census Bureau, Quick Facts: Pennsylvania. U.S. Census Bureau. 9/2019.
[6] Personal correspondence between HAP staff and a member hospital. 1/31/2019.
[7] Wikler E, Bausch P, Cutler DM. Reducing Administrative Costs and Improving the Health Care System." *New England Journal of Medicine* 367, no. 20. 11/15/2012.
[8] HAP analysis of 2017 Pennsylvania Health Care Cost Containment Council (PHC4) financial data.
[9] According to a September 2019 analysis of data from the Kaiser Family Foundation and CAQH.
[10] Michael D. I., Siget, JD. Bills on the Hill: New Health Care Legislation on Credentialing, Non-Compete Clauses, and More. Pennsylvania Medical Society. 3/20/2019.