

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1551 Session of  
2011

INTRODUCED BY CUTLER, BEAR, AUMENT, CREIGHTON, DENLINGER, FARRY,  
FLECK, GABLER, GEIST, GINGRICH, GRELL, GROVE, HELM,  
HICKERNELL, MILLARD, MURT, PICKETT, QUINN, ROCK AND TALLMAN,  
MAY 18, 2011

REFERRED TO COMMITTEE ON INSURANCE, MAY 18, 2011

AN ACT

1 Relating to physician credentialing by health insurers.

2 The General Assembly of the Commonwealth of Pennsylvania

3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Physician  
6 Credentialing Act.

7 Section 2. Declaration of policy.

8 The General Assembly finds and declares as follows:

9 (1) An equitable and expeditious initial physician  
10 credentialing process is essential to the financial stability  
11 of this Commonwealth's health insurers and health care  
12 providers and ultimately to the well-being of patients and  
13 consumers by ensuring access to health care services.

14 (2) This act is intended to promote fairness to this  
15 Commonwealth's health care providers by ensuring that health  
16 insurers conduct physician credentialing in a reasonable time

1 frame and reimburse physicians during the credentialing  
2 process.

3 (3) The General Assembly declares that this act is a  
4 necessary and proper exercise of the authority of the  
5 Commonwealth to protect the public health and to regulate the  
6 business of insurance and the practice of medicine.

7 Section 3. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "CAQH." Council for Affordable Quality Healthcare. A  
12 nonprofit alliance of health plans and trade associations  
13 facilitating administrative health care information exchange.

14 "Department." The Department of Health of the Commonwealth.

15 "Enrollee." Any policyholder, subscriber, covered person,  
16 covered dependent, spouse or other person who is entitled to  
17 receive health care benefits from a health insurer.

18 "Health insurer." An entity that contracts or offers to  
19 contract to provide, deliver, arrange for, pay for or reimburse  
20 any of the costs of health care services in exchange for a  
21 premium, including, but not limited to, an entity licensed under  
22 any of the following:

23 (1) The act of May 17, 1921 (P.L.682, No.284), known as  
24 The Insurance Company Law of 1921, including section 630 and  
25 Article XXIV.

26 (2) The act of December 29, 1972 (P.L.1701, No.364),  
27 known as the Health Maintenance Organization Act.

28 (3) 40 Pa.C.S. Ch. 61 (relating to hospital plan  
29 corporations).

30 (4) 40 Pa.C.S. Ch. 63 (relating to professional health

services plan corporations).

"Hospital-based physicians." Hospital-based physicians are physicians who provide clinical support within a hospital, including, but not limited to, specialists such as anesthesiologists, pathologists, radiologists, neonatologists, hospitalists and emergency room physicians.

"Insurance Department." The Insurance Department of the Commonwealth.

"Participating provider." A physician who enters into a provider contract with a health insurer and is on the health insurer's provider panel.

"Physician provider panel." Physicians that contract either directly or through a subcontracting entity with a health insurer to provide health care services to the health plan's enrollees under the health plan's health benefit plan.

#### Section 4. Initial physician credentialing.

All health insurers and physicians should adhere to the following minimum standards to facilitate the initial physician credentialing process:

(1) A physician that seeks to participate on a provider panel of a health insurer shall submit an application to the health insurer.

(2) A health insurer shall complete the credentialing process for all initial physician credentialing applications submitted by or on behalf of a physician applicant within 60 days of receipt of a complete application. An application shall be considered complete for the purpose of this act if the application either (a) is submitted through the CAQH's electronic process described under section 6 or (b) if the physician materially completes responses to each question on

1 the application and each of the following requirements is  
2 satisfied or submitted:

3 (i) the application form is signed and appropriately  
4 dated by the physician applicant;

5 (ii) a current curriculum vitae or work/education  
6 history;

7 (iii) copies of applicant's current licenses in all  
8 states in which the physician holds a license, regardless  
9 of the address on the licenses;

10 (iv) a copy of the applicant's current Drug  
11 Enforcement Administration controlled substance  
12 certificate, regardless of the address on the  
13 certificate; and

14 (v) a copy of the applicant's current malpractice  
15 face sheet coverage statement including amounts and dates  
16 of coverage, regardless of the current or future dates of  
17 coverage.

18 (3) If a physician is board eligible, the health insurer  
19 may request documentation of board certification or  
20 eligibility, except the absence of this documentation shall  
21 not prevent the application from being considered complete  
22 for the purpose of this act.

23 (4) The health insurer shall report to a physician  
24 applicant or designee, at the address provided in the initial  
25 application, the status of a submitted initial credentialing  
26 application within five business days from the date of  
27 receipt by the health insurer. Said report shall include, but  
28 not be limited to, the health insurer's intent to continue to  
29 process the physician's application, application receipt  
30 date, next date of the health plan's credentialing review

1 committee and, if the application is incomplete because it  
2 does not satisfy the minimum requirements established in  
3 paragraph (2), an itemization of all missing or incomplete  
4 items. After the health insurer receives the completed  
5 application in accordance with paragraph (2), the health  
6 insurer is subject to the time periods established in  
7 paragraph (2).

8 (5) The failure of a health insurer to provide the  
9 notice required under paragraph (4) is a violation of this  
10 article, and the health insurer is subject to the provisions  
11 of and penalties provided by section 7 of this act.

12 (6) A health insurer shall notify a physician applicant  
13 of the health insurer's credentialing committee's decision on  
14 an initial credentialing application within five business  
15 days of the decision. Said notice shall include the  
16 committee's decision and the decision date.

17 (7) The provisions of this section shall not apply to  
18 the credentialing and recredentialing by health insurers of  
19 hospital-based physicians unless the hospital-based physician  
20 maintains a medical practice independent of the hospital with  
21 which the physician contracts.

22 (8) The provisions of this section shall not apply to  
23 the credentialing and recredentialing functions that have  
24 been delegated to other entities by the health plan.

25 Section 5. Physician payment during credentialing process.

26 (1) A physician applicant notified by a health insurer  
27 of the health insurer's intent to pursue the credentialing  
28 process in accordance with section 4(4) shall be eligible for  
29 reimbursement within 15 calendar days from the postmarked  
30 date on the physician's application. The health insurer shall

1 reimburse the physician based upon the health insurer's fee  
2 schedule rates applicable to nonparticipating physicians.  
3 Reimbursement shall be paid by the health insurer to the  
4 physician at the health insurer's nonparticipating physician  
5 rate for services rendered from the date that appears on the  
6 health insurer notice to the physician as required under  
7 section 4(4) through and including the date the health  
8 insurer sends the required notice under section 4(6).

9 (2) A physician applicant who contracts with a medical  
10 group practice and who receives the notification from a  
11 health insurer pursuant to section 4(4) shall be eligible to  
12 receive reimbursement at the medical group's actual  
13 contracted rate for claims paid to the physician's contracted  
14 medical group practice within 15 calendar days from the  
15 postmarked date on the physician's application if:

16 (i) The physician is employed by or is a member of  
17 the participating group practice.

18 (ii) The physician has applied for acceptance on the  
19 health insurer's participating provider panel.

20 (iii) The physician has a valid license issued by  
21 the State Board of Medicine or the State Board of  
22 Osteopathic Medicine.

23 (iv) The physician has proof of valid professional  
24 liability insurance coverage.

25 (3) A health insurer that sends written notice rejecting  
26 the physician's credentialing application under section 4(6)  
27 shall not be under any obligation to provide any  
28 reimbursement to the physician applicant unless the physician  
29 subsequently becomes credentialed.

30 (4) A health insurer may not deny payment to a physician

1 under this section solely because the physician was not a  
2 participating provider at the time the services were provided  
3 to an enrollee.

4 (5) A physician who is not a participating provider of a  
5 health insurer and whose group practice is eligible for  
6 reimbursement under paragraph (6) may not hold an enrollee of  
7 the health insurer liable for the cost of any covered  
8 services provided to the enrollee during the time period  
9 described in section 4(2), except for any noncovered service,  
10 deductible, copayment or coinsurance amount owed by the  
11 enrollee to the group practice or physician under the terms  
12 of the enrollee's contract or certificate.

13 (6) A group practice may disclose in writing to an  
14 enrollee at the time services are provided that:

15 (i) The treating physician is not a participating  
16 provider.

17 (ii) The treating physician has applied to become a  
18 participating provider.

19 (iii) The health insurer has not completed its  
20 assessment of the credentials of the treating physician  
21 to provide services as a participating provider.

22 (7) The disclosure process may continue until the  
23 credentialing process is complete as described in section  
24 4(6).

25 (8) A health plan may assign individual provider numbers  
26 to physicians for their internal use, but the assignment of  
27 such numbers shall not be a prerequisite for processing and  
28 paying claims. The physician's National Provider Identifier  
29 (NPI) number shall suffice as the individual provider  
30 identifier required to process and pay claims.

1 Section 6. Council for Affordable Quality Healthcare.

2 A health insurer shall be required to accept the CAQH's  
3 Provider Credentialing Application when submitted by a physician  
4 for participation in the health insurer's provider panel.

5 Section 7. Private right of action and penalties.

6 A physician aggrieved by a health insurer's violation of this  
7 act shall have a private right of action in a court of competent  
8 jurisdiction to secure all available remedies at law and in  
9 equity to remedy the health insurer's violation. In addition to  
10 any other remedy available at law or in equity, the Insurance  
11 Department shall assess an administrative penalty for a  
12 violation of this act following notice and an opportunity to be  
13 heard. The penalty shall not exceed \$5,000 per violation.

14 Section 8. Severability.

15 The provisions of this act are severable. If any provision of  
16 this act or its application to any person or circumstance is  
17 held invalid, the invalidity shall not affect other provisions  
18 or applications of this act which can be given effect without  
19 the invalid provision or application.

20 Section 9. Appeals.

21 A physician applicant has the right to appeal any rejection  
22 by the health insurer subsequent to receipt of the rejection  
23 letter sent by the insurer pursuant to section 4(6).

24 (1) The physician's right to repeal such a rejection by  
25 the health insurer shall be limited to the following  
26 circumstances:

27 (i) The health insurer rejected the physician's  
28 application because the physician discussed with a  
29 patient or any person:

30 (A) the process that the health insurer uses or



proposes to use to deny payment for a health care service;

(B) medically necessary and appropriate care with or on behalf of a patient, including information regarding the nature of treatment; risks of treatment; alternative treatments; or the availability of alternative therapies, consultation or tests; or

(C) the decision of any health insurer to deny payment for a health care service.

(ii) The physician applicant has a practice or intends to join a medical group practice that includes a substantial number of patients with expensive medical conditions; or

(iii) The physician objects to the provision of or refuses to provide a health care service on moral or religious grounds.

(2) Within 45 days of receipt of a denial letter by the health insurer rejecting a physician's enrollment application, a physician applicant or designee may file an appeal to the Secretary of Health. The Secretary of Health shall have 45 days to make a final determination regarding the physician applicant's credentialing status and participation as a network provider based upon the standards set forth in paragraph (1). The Secretary of Health shall send notification of the decision via certified mail to the physician applicant or designee and the health insurer within 45 days of receipt of the appeal letter.

#### Section 10. Rules and regulations.

The Department of Health and the Insurance Department shall

1 promulgate rules and regulations to administer and enforce this  
2 act.

3 Section 11. Repeals.

4 All acts and parts of acts are repealed insofar as they are  
5 inconsistent with this act.

6 Section 12. Effective date.

7 This act shall take effect in 60 days.