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HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE STANDARDS AND REGULATORY REFORM
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 4515 (Formerly PCB HCR 98-2)

RELATING TO: Standardized Credentialing/Health Care Practitioners

SPONSOR(S): Health Care Standards & Regulatory Reform and Representative Jones

COMPANION BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

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I. SUMMARY:

HB 4512 provides for standardized credentialing of health care practitioners (physicians) licensed under chapters 458, 459, 460, and 461, F.S., (medicine, osteopathic medicine, chiropractic medicine, and podiatric medicine, respectively). Provision is made for other health care practitioners to participate provided they meet the requirements of s. 455.565, F.S. The first four professions meet these requirements (profiling).

It provides a statement of intent about the current duplication in credentialing and how it is unnecessarily costly and cumbersome for both the practitioner and the entity granting practice privileges. It further provides for the establishment of a mandatory credentials verification program. Definitions are provided for implementation of a standardized program with standardized forms.

Once a health care practitioner's core credentials data are collected and validated, the health care practitioner is not required to resubmit this initial data when applying for practice privileges with health care entities. Timely updating of this information, no less than quarterly is required. A "credentials verification entity" (CVE) is authorized by statute. A CVE is required to be certified by a quality assurance program, from the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Health Care Organizations (JCAHO), or a similar national accreditation organization. A CVE is organized and certified for the express purpose of collecting, validating, and providing such data with the practitioner's approval to health care entities. The practitioner may select a "designated" CVE who is responsible for responding to all inquiries about said practitioner. A health care entity may use either the designated CVE or the Department of Health to obtain current core credentials data on a practitioner applying for privileges with such entity. Any additional information required by the health care entity may be collected from a primary source, or the designated CVE. The department in consultation with a thirteen-member advisory council is to develop standard forms for the reporting of initial data for credentialing and periodic updating for recredentialing purposes.

Liability - A health care entity is held harmless and is not liable if it relies on data obtained from a CVE or the department. All CVEs are required to maintain liability insurance coverage. Any CVE that does business in Florida must be certified and registered with the

department. Potential costs to the State or potential savings to the private sector are not complete at this time. The department is attempting to gather such information.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Currently there is no standardized credentialing process for health care practitioners licensed under chapters 458, 459, 460, and 461, Florida Statutes (medical, osteopathic medicine, chiropractic medicine, and podiatric medicine physicians, respectively). There are approximately 50,000 physicians licensed in these four professions. The majority, approximately 40,000 are licensed medical physicians.

These four professions are the primary health care practitioners involved in the duplication resulting from the current multiple credentialing process required by the various health care entities (hospitals, managed care groups, health insurance groups and other third-party health care payers).

The current duplication involved in credentialing and recredentialing is unnecessarily costly and cumbersome for both the practitioner and the entity granting practice privileges. There is no one group to receive and verify the core credentials of a physician. A health care practitioner's core credentials data is collected, validated, maintained, and stored, by each health care entity for which the practitioner applies for practice privileges.

The 1997 Legislature recognized that health care practitioner credentialing activities had increased significantly as a result of health care reform and recent changes in health care delivery and reimbursement systems. To expedite a standardize credentialing system and eliminate duplication, the Legislature in chapter 97-261, Laws of Florida, provided for the appointment of a special task force by the Secretary of Health to study the issue and report back to the 1998 Legislature.

The task force reviewed the issues and made its final report January, 1998. The following are a summary of their recommendations:

1. A standardized system for collecting and verifying core credentials of health care practitioners through a certified credentials verification entity should be established.

2. Data on individual practitioners should be centrally stored with only one entity. Each entity must meet national standards and be certified by national accrediting organizations. Monitoring procedures should be in place to ensure quality control and maintain continuity in the credentials verification process.

3. Health care entities should be held harmless and should not be liable if they rely on data obtained from a certified credentials verification entity.

4. Core credentials data should be collected only once by a certified credentials verification entity. However, a health care entity may obtain additional information if required by the entity's credentialing process.

5. All efforts should be made in the legislation to minimize costs to health care practitioners as well as to health care entities.

6. Credentials verification entities should be required to establish procedures to ensure primary source verification of core credentials, when ever possible. Exceptions should be allowed only in accordance with standards outlined by national accrediting organizations.

7. Health care practitioners should have an opportunity to review the core credentials data before it is stored in the data bank of an entity.

8. The credentials verification entity must collect the core credentials data on a standardized form. The data must be updated whenever the practitioner's status changes; otherwise at least quarterly.

Passage of chapter 97-273 relating to physician profiling provides for the Department of Health to gather much of the core credentialing data. It provides for the department to compile certain information submitted in a physician profile of each licensee and to make these profiles available to the public. The profiles are to be developed for the following four practitioners: medical, osteopathic, chiropractic, and podiatric physicians. The profiles are to be compiled beginning July 1, 1999, in a format determined by the department. Upon completion of a profile, the department shall allow the practitioner 30 days to review and make factual corrections. In 1999, the department is to recommend other professions, if any, that should be added to the profiling requirements of s. 455.565, F.S.

Applicants for licensure or relicensure in the four professions must submit a set of fingerprints, and pay certain fees. Applicants for relicensure are not required to submit a set of fingerprints until after January 1, 2000. The department must submit the fingerprints to the Department of Law Enforcement for a national criminal background check (includes FBI). Failure to comply within 30 days of notice of noncompliance, may result in a citation and a fine of up to $50 for each day of noncompliance.

The department is authorized to issue emergency orders suspending the license of a medical or osteopathic physician who fail to comply with certain financial responsibility requirements of the appropriate chapter.

It provides that liability actions and information in the possession of the department relating to bankruptcy proceedings of specified practitioners are public records. The department is required to make this information available upon request. Insurers are required to report professional liability claims and actions. The time frame for reporting is revised from 60 days to 30 days.

B. EFFECT OF PROPOSED CHANGES:

This bill provides for standardized credentialing of health care practitioners licensed under chapters 458, 459, 460, and 461, Florida Statutes (medical, osteopathic medicine, chiropractic medicine, and podiatric medicine physicians, respectively). Provision is made that other health care practitioners, upon a favorable vote of their respective board, may participate provided they meet the requirements of s. 455.565, F.S. (profiling).

It provides a statement of intent relative to the current duplication involved in credentialing and how it is unnecessarily costly and cumbersome for both the practitioner and the entity granting practice privileges. It further provides for the establishment of a mandatory credentials verification program. Definitions are provided for implementation of a standardized program with standardized forms.

Duplication of credentials data is prohibited. The bill provides that once a health care practitioner's core credentials data are collected and validated, the health care practitioner is not required to resubmit this initial data when applying for practice privileges with health care entities. A health care practitioner is authorized to review core credentials data and make corrections of fact before the data is stored in the data bank. Timely updating of this information, no less than quarterly is required.

A "credentials verification entity" (CVE) is authorized by statute. A CVE is required to be certified by a quality assurance program, from the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Health Care Organizations (JCAHO), or a similar national accreditation organization authorized by the department, used to assess and certify any CVE that verifies the credentials of a health care practitioner A CVE is organized and certified for the express purpose of collecting, validating, and providing such data with the practitioner's approval to health care entities. The health care practitioner may select a "designated" CVE who is responsible for responding to all inquiries about said practitioner.

Any health care entity may use the designated CVE or the Department of Health to obtain core credentials data on a health care practitioner applying for privileges with such entity. **However, any additional information required by the health care entity's credentialing process may be collected from the primary source by the entity or the designated CVE.**

The Department of Health, in consultation with a thirteen-member advisory council herein created, is to develop standard forms for the initial reporting of core credentials data for credentialing and timely updating for recredentialing purposes.

Liability - A health care entity is held harmless and is not liable if it relies on data obtained from a CVE. Each CVE is required to maintain liability insurance coverage.

Any CVE that does business in Florida must be certified and registered with the department.

C. APPLICATION OF PRINCIPLES:

1. <u>Less Government:</u>

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The Department of Health is authorized to make rules necessary to implement this legislation.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

If implemented as intended, it should reduce duplication and result in considerable savings to health care practitioners and health care entities.

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

The potential exists for the responsibility to collect and verify core credentialing data on health care practitioners to shift to credentials verification entities resulting in considerable savings to both the health care practitioners and health care entities.

(2) what is the cost of such responsibility at the new level/agency?

Not available at this time. The Department of Health is attempting to gather such information.

(3) how is the new agency accountable to the people governed?

N/A

2. <u>Lower Taxes:</u>

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Yes. The beneficiaries of this legislation should pay the full costs.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

It establishes set procedures to be followed for gathering “core credentialing data” (present activities), that should minimize existing duplication and excessive costs to health care practitioners and health care entities.

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Creates s. 455.557, F. S.

E. SECTION-BY-SECTION RESEARCH:

Section 1. Creates s. 455.557, F.S., to provide for a standardized credentialing program. It initially applies to health care practitioners licensed under chapters 458, 459, 460, and 461, F.S., (medical, osteopathic medicine, chiropractic medicine, and podiatric medicine physicians, respectively). Provision is made that other health care practitioners, upon a favorable vote of their respective board, may participate provided they meet the requirements of s. 455.565, F.S. (profiling).

It provides a statement of intent relative to the current duplication involved in credentialing and how it is unnecessarily costly and cumbersome for both the practitioner and the entity granting practice privileges. It further provides for the establishment of a mandatory credentials verification program. Definitions are provided for implementation of a standardized program.

Duplication in collection of core credentials data is prohibited. Once a health care practitioner's core credentials data are collected and validated, the health care practitioner is not required to resubmit this initial data when applying for privileges with health care entities. Timely updating of the data is required. A health care practitioner is authorized to review core credentials data and make corrections of fact before the data is released from the data bank.

A "credentials verification entity" (CVE) is authorized by statute. A CVE is required to be certified by a quality assessment program, from the National Committee for Quality Assurance (NCQA), the Joint Commission on Accreditation of Health Care Organizations (JCAHO), or a similar national accreditation organization authorized by the department, used to assess and certify any CVE that verifies the credentials of a health care practitioner A CVE is organized and certified for the express purpose of collecting, validating, and providing such data with the practitioner's approval to health care entities.

The health care practitioner may select a "designated credentials verification entity" who is responsible for responding to all inquiries about said practitioner. Any health care entity must either use the designated CVE or the department to obtain core credentials data on a health care practitioner applying for privileges with such entity. However, any additional information required by the health care entity's credentialing process may be collected from the primary source by the entity or the designated CVE.

The Department of Health, in consultation with a thirteen-member advisory council herein created, is to develop standard forms for the reporting of core credentials data for credentialing and updating data for recredentialing purposes.

Liability - A health care entity is held harmless and is not liable if it relies on data obtained from a credentials verification entity. Each CVE is required to maintain liability insurance coverage.

Any credentials verification entity that does business in Florida must be certified and registered with the department. The department is authorized to charge a reasonable fee, not to exceed their cost.

The department, in consultation with the applicable board, shall adopt rules necessary to implement a standardized verification program.

Section 2. Authorizes the Secretary of Health to reappoint the task force appointed under section 103 of chapter 97-261, Laws of Florida. The task force is to develop procedures to expand the standardized credentialing program created by s. 455.557, F.S., of this act, to include site visits.

Section 3. Provides an effective date of July 1, 1999.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See Fiscal Comments.

2. Recurring Effects:

See Fiscal Comments.

3. Long Run Effects Other Than Normal Growth:

See Fiscal Comments.

4. Total Revenues and Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None. If implemented as intended, it should reduce duplication and result in considerable savings to health care practitioners and health care entities. The ability to quantify the potential savings to health care practitioners and heallth care entities is very difficult to calculate. The Department of Health is attempting to develop the potential savings from implementation of this legislation.

2. Direct Private Sector Benefits:

   It should reduce duplication and result in considerable savings to health care practitioners and health care entities. The potential exists for the responsibility to collect and verify core credentialing data on health care practitioners to shift to credential verification entities (CVE) resulting in considerable savings to both the health care practitioners and health care entities. It establishes set procedures to be followed for gathering “core credentialing data” (present activities), that should eliminate the present duplication. The ability to quantify the potential savings to health care practitioners and health care entities is very difficult to calculate.

3. Effects on Competition, Private Enterprise and Employment Markets:

   None.

D. FISCAL COMMENTS:

The following information was provided by the Department of Health. Non-recurring costs for the first year amount to a total of $5.1 million. $1.9 is for O.C.O. and $3.2 million for expenses. Recurring or annualized costs, including 7 FTEs, are approximately 460,000.

Most, if not all of this cost will be recovered by future fees and utilization of the system. Also, it is our understanding that much of this cost is already planned for future years when the department plans to move to a paperless record system. **Credentialing just moves these costs up by about two years.**

According to the DOH, preliminary data provided by the HMO industry suggests it costs approximately $150 annually per practitioner to comply with current credentialing requirements. This cost relates to verification and data management updating services only. It does not include other expenses beyond data verification, such as processing the initial application and preparing the file for review by the credentials committee. Similar data has been requested from the hospital industry.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

According to the department and various other entities, this is an excellent proposal that will significantly reduce the paperwork requirements associated with health care practitioner credentialing and recredentialing. Once this program is implemented state-wide, health care entities will be relieved of many of their current credentials verification tasks. Health care practitioners will be relieved of the burden of having to reproduce the same information, with updates, each time they, usually on an annual basis, change or expand their patient base.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

No substantive amendments were adopted. There were several amendments adopted that made word changes and clarified the meaning of various sentences.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS AND REGULATORY REFORM:

Prepared by:	Legislative Research Director:
Robert W. Coggins	Robert W. Coggins