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HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GOVERNMENTAL RULES AND REGULATIONS
ANALYSIS

BILL #: HB 1881 (PCB HCL 99-05)

RELATING TO: Standardized Credentialing of Health Care Practitioners

SPONSOR(S): Committee on Health Care Licensing and Regulation and Representative Fasano and others

COMPANION BILL(S): SB 2134 (Compare)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) HEALTH CARE LICENSING & REGULATION YEAS 12 NAYS 0
(2) GOVERNMENTAL RULES AND REGULATIONS
(3)

I. SUMMARY:

HB 1881 amends s. 455.557, F.S., relating to the standardized credentialing process for health care practitioners licensed under chapters 458, 459, 460, and 461, F.S. (medical, osteopathic medicine, chiropractic medicine, and podiatric medicine physicians, respectively). There are approximately 50,000 physicians licensed in these four professions, of which 40,000 are licensed medical physicians.

The principle changes to s. 455.557, F.S., are the following:

1) The Department of Health is no longer identified as a credentialing verification entity (CVE) for all health care practitioners in the state. The department is designated as a depository for mostly unverified core credentials data and responsible for corrections, updates, or modifications to such data. The bill provides that core credentials data be electronically available to any health care entity that is authorized access to the data by the health care practitioner. Access to the new system without prior approval of the health care practitioner is prohibited.

2) The definition of “core credentials data” has been changed to accommodate the needs of the health care entities. The bill also requires the renaming of a CVE to “credentials verification organization” (CVO), which is the common name used in the industry.

3) All practitioners are required to provide “core credentials data” and corrections, updates, or modifications to such data to the department instead of a designated CVO. However, a health care practitioner may still designate a CVO for the same purpose. A designated CVO must meet the time frames established for a practitioner or face license suspension. Also, a designated CVO is prohibited from releasing any information without prior approval of the practitioner.

4) The time period for reporting certain incidents is changed from within 30 days to within 45 days to coincide with the requirements of profile reporting. Rather than file two reports (profile and credentials update), a credentials report is redesigned to comply with the requirements of a profile report.

5) Effective July 1, 2002, no Florida agency may collect or attempt to collect duplicate core credentials data from any practitioner if the information is available from the department. This does not restrict requesting additional information not included in the department’s file.

6) A CVO must maintain liability insurance to meet certification or accreditation requirements.

7) Provides that no health care entity or CVO is liable if information/data was obtained directly from the department.

The DOH is seeking release of the $5 million 1998 appropriations to design and build the new system. The department is also seeking an additional $4.4 million for FY 1999-00 to operate and maintain the system which is expected to be recovered from user fees over several years.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Prior to 1998 Legislative Session - 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) existed prior to the 1998 Legislative session. As a result, unnecessary and costly duplication involving the credentialing and recredentialing of the above named professions was common practice. The lack of a central data bank resulted in each health care entity collecting, validating, maintaining and storing every health care practitioner's core credentials data. No one group received or verified the core credentials of a physician.

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.[1] To expedite a standardized 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 in January, 1998. The following is 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, whenever 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.

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[1] Also in 1997, the passage of chapter 97-273 relating to physician profiling required the Department of Health to gather core credentialing data to compile a physician profile of each licensee and make those profiles available to the public by July 1, 1999. Profiling requirements are provided for in s. 455.565, F.S.

1998 Legislative Action - As a result of the Task Force report, the Legislature passed HB 4515 (ch. 98-226, Laws of Florida). HB 4515 provided for standardized credentialing of physicians licensed under chapters 458, 459, 460, and 461, F.S. (medicine, osteopathic medicine, chiropractic medicine, and podiatric medicine, respectively). It further provided for the establishment of a mandatory credentials verification program. Other health care practitioners may participate provided they meet the profiling requirements of s. 455.565, F.S. **The effective date of this law is July 1, 1999.**

HB 4515 required the following provisions:

- ❖ Required that a health care practitioner's core credentials data be collected and validated by a "credentials verification entity" (CVE). Removed requirements relating to the resubmission of this initial data when applying for practice privileges with health care entities.
- ❖ Required a timely updating of information on at least a quarterly basis.
- ❖ Required certification of a CVE by a quality assurance program from one of several national accreditation organizations.
- ❖ Allowed a practitioner to select a "designated" CVE responsible for responding to all inquiries.
- ❖ Required a health care entity to use either a designated CVE or the Department of Health to obtain current credentials data on a practitioner applying for privileges with such entity. This law required the Department of Health to become a credentials verification entity and to meet the quality standards required for private CVEs.
- ❖ Provided that any additional information required by a health care entity may be collected from a primary source, or the designated CVE.
- ❖ Required that the department, in consultation with a thirteen-member advisory council, develop standard forms for the reporting of initial data for credentialing and periodic updating for recredentialing purposes.
- ❖ Provided that a health care entity is held harmless and is not liable if it relies on data obtained from a CVE or the department as a CVE. All CVEs, other than the department, are required to maintain liability insurance coverage. Any CVE that does business in Florida must be certified and registered with the department.

At the time of passage, the total potential savings to the private sector were not available. However, according to several health care entities, the savings were to be substantial.

July 1, 1998, to Present - From May 1998 to approximately November 1, 1998, the department attempted to implement the provisions of HB 4515. Several meetings between the department and the Credentials Advisory Council were held, in addition to numerous meetings with groups involved in credentialing health care practitioners. As a result of these meetings, the department reported that it lacked the requirements needed for full certification as a CVE.

In response, the department recommended that the health care industry (mostly hospitals and HMOs) continue with current credentialing processes and named itself the central depository of all health care practitioner's core data, including corrections, updates, and/or modifications. The data maintained by the department would mostly be unverified data. It would be the responsibility of each health care entity to electronically obtain the information from the department and primary-source verify the data, as done in the past.

B. EFFECT OF PROPOSED CHANGES:

HB 1881 implements the following principle changes to s. 455.557, F.S., as created by HB 4515 in the 1997 Legislative session:

- Provides that the Department of Health no longer act as a CVE for all health care practitioners in the state. The department now only serves as a depository for mostly unverified core credentials data and corrections, updates, or modifications to such data. It electronically provides data to any health care entity with authorized access to the data by the health care practitioner. Access to the new system is prohibited without prior approval of the health care practitioner. CVOs gathering data on a health care practitioner must get the core credentials data from the department in the same manner as a health care entity.

- The definition of "core credentials data" has been changed to accommodate the needs of the health care entities. Also, a credentials verification entity (CVE) is changed to a credentials verification organization (CVO), which is the more common name used in the industry.

- All health care practitioners will provide their "core credentials data" and corrections, updates, or modifications to such data to the department instead of a designated CVO. However, a health care practitioner may still designate a CVO, who must provide the data to the department as agent for the practitioner. A designated CVO must meet all the time frames established for a practitioner, or face suspension of their license to operate in Florida. Also, a designated CVO is prohibited from releasing any information on his client without prior approval by the practitioner.

- The time period for reporting certain incidents is changed from within 30 days to within 45 days to coincide with the requirements of profile reporting. Rather than file two reports (profile and credentials update), a credentials report is required to comply with the requirements of a profile report.

- Effective July 1, 2002, no Florida agency may collect or attempt to collect duplicate core credentials data from any practitioner if the information is available from the department. This does not restrict the right of any state agency to request additional information not included in the department's file, which is deemed necessary for the agency's specific credentialing purposes.

- Liability insurance requirements no longer are established by the department for CVOs. However, each CVO must maintain appropriate liability insurance to meet the certification or accreditation requirements established in HB 1881.

- Previously, no civil, criminal, or administrative action could be instituted, and no liability against any health care entity for reliance on any data obtained from a CVO existed. HB 1881 provides that no liability against a CVO or any health care entity may be incurred for reliance on data obtained directly from the department.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

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

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

Yes. HB 1881 contains language both granting rulemaking authority and removing rulemaking authority. References to rulemaking authority, both grants and deletions, include the following:

- ❖ On page 9, line 13, the department is authorized to adopt rules to enforce timely compliance of s. 455.557(3)(a)2.
- ❖ On page 14, line 14, the department is authorized to establish biennial renewal of CVO registration.
- ❖ On page 15, line 20, language authorizing the department to execute data validation procedures is removed.
- ❖ On page 15, line 30, the department is authorized to adopt rules necessary to develop and implement the standardized core credentials data collection program.

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

A reduction in workload for health care practitioners is anticipated and a minimal effect on various health care entities is expected. Instead of getting data for credentialing from the practitioner, data may now be attained from the department electronically.

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

No.

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?

N/A

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

N/A

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

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

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

No. The current law provides for user fees to pay the cost of any data collected electronically from the department.

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

No.

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

No.

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

No.

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. All costs of this legislation will be paid by beneficiaries, the same as in the current law.

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?

No. Current law prohibits health care entities from obtaining data on health care practitioners once it is filed with the department or a designated CVO.

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:

Section 455.557, Florida Statutes

E. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 455.557, Florida Statutes.

Provides that the Department of Health no longer act as a CVE for all health care practitioners in the state. Requires the department to serve as a depository for mostly unverified core credentials data and corrections, updates, or modifications to such data. Requires such data to become available electronically to any health care entity that is authorized to access the data by the health care practitioner. Access to the new system is prohibited without prior approval of the health care practitioner. CVOs gathering data on a health care practitioner must get the core credentials data from the department the same as a health care entity.

Provides for a new definition of "core credential data" in order to accommodate the needs of the health care entities. Also, a credentials verification entity (CVE) is changed to a credentials verification organization (CVO), which is the more common name used in the industry.

Requires all health care practitioners to provide "core credentials data" and corrections, updates, or modifications to such data to the department instead of a designated CVO. However, a health care practitioner may still designate a CVO, who must provide the data to the department as agent for the practitioner. A designated CVO must meet all the time frames established for a practitioner, or face suspension of their license to operate in Florida. Also, a designated CVO is prohibited from releasing any information on his client without prior approval by the practitioner.

Changes the time period for reporting certain incidents from "within 30 days" to "within 45 days" to coincide with the requirements of profile reporting. Rather than file two reports (profile and credentials update), a credentials report is redesigned to comply with the requirements of a profile report. Also, the provision that every practitioner must file a quarterly update if no data changes had been filed, is deleted.

Effective July 1, 2002, no Florida agency may collect or attempt to collect duplicate core credentials data from any practitioner if the information is available from the department. This does not restrict the right of any state agency to request additional information not included in the department's file, which is deemed necessary for the agency's specific credentialing purposes.

Prohibits liability insurance requirements from being established by the department for CVOs. It requires each CVO to maintain liability insurance appropriate to meet the certification or accreditation requirements established in s. 455.557, F.S.

Provides that no liability against a CVO or any health care entity may be incurred for reliance on data obtained directly from the department.

Requires that the Credentials Advisory Council be abolished October 1, 1999. After the council is abolished, the department may carry out all council-consulted duties on its own.

Section 2. Provides an effective date of upon becoming a law.

III. FISCAL ANALYSIS & 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:

   None.

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. According to the department, the changes proposed to the existing law should not cost the private sector (health care entities) any additional money.

2. Direct Private Sector Benefits:

   The provisions of HB 1881 once again require health care entities to primary source core credentials data for each practitioner. It is estimated that each practitioner's core credentials are verified approximately 25 times by different health care entities requesting such information. Formerly, under the provisions of HB 4515 passed in the 1997 Legislature, duplication in primary sourcing was alleviated by authorizing the Department of Health to act as a CVE. The process was designed to produce a cost savings to the private sector. These savings were not realized due to complications associated with the department acting as a CVE. HB 1881, withdraws the department from CVE responsibilities resulting in an indeterminate fiscal impact on the private sector.

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

   None.

D. FISCAL COMMENTS:

According to the Department of Health, the revised system will not cost the state any additional funds. In 1998, the department was appropriated approximately $5 million and 7 FTEs to implement the new system July 1, 1999. The department states that they can implement the revised system with a prototype available July 1, 1999, and a fully operational system by December 31,1999. Annual maintenance costs on the revised system will be the same as on the original system. The cost of the revised system will be recovered from user fees over a period of years, the same as was planned for the original system. The department is seeking budget authority of $4.4 million for fiscal year 1999-2000 to operate and maintain the new system.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

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:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE LICENSING & REGULATION:

Prepared by:	Staff Director:
Robert W. Coggins	Lucretia Shaw Collins

AS REVISED BY THE COMMITTEE ON GOVERNMENTAL RULES AND REGULATIONS:

Prepared by:	Staff Director:
Veronica P. Alvarez	David M. Greenbaum