
A BILL FOR AN ACT

RELATING TO CREDENTIALING OF HEALTH CARE PROVIDERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the credentialing of
2 health care providers is a well-established risk management and
3 patient safety practice that involves the collection and
4 verification of a health care provider's qualifications required
5 for a health care provider to render services and receive
6 reimbursement. Credentialing practices are largely uniform
7 across the country because the standards are established by
8 major payors like the United States Department of Health and
9 Human Services, Centers for Medicare and Medicaid Services, and
10 by private sector health care facility and health plan
11 accreditation programs.

12 Entities that require credentialing of health care
13 providers include hospitals, universities, clinics, health
14 plans, and independent practice associations. The credentialing
15 process involves the verification and periodic reverification of
16 a nearly identical set of core information for the same pool of
17 health care providers such as relevant training, licensure,
18 certifications, and registrations.

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1 The legislature finds that duplicative credentialing
2 diverts resources from other priorities including patient care
3 and contributes to higher health care costs. A centralized
4 credentialing system, such as the one used by the Ohio
5 department of Medicaid can create benefits that improve
6 efficiency and quality of health care services. It can reduce
7 workflows, overall system costs, and provider frustration, and
8 can increase patient access as providers are verified to
9 participate in health plans more easily and quickly to provide
10 care at health facilities.

11 The legislature further finds that a centralized
12 credentialing pilot project to reduce unnecessary paperwork,
13 improve provider recruitment and retention, and ultimately
14 increase patient access.

15 Accordingly, the purpose of this Act is to authorize the
16 department of health to implement a two-year pilot project that
17 establishes a centralized credentialing entity to which
18 providers submit their information and fees one time and from
19 which multiple end-users such as hospitals, universities,
20 clinics, health plans, and independent practice associations can
21 access that information.

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SECTION 2. (a) The department of health shall establish a two-year centralized health care credentialing pilot program to improve patient access to health care by reducing the administrative burden related to credentialing. The pilot program shall:

- (1) Review existing credentialing practices in the community;
- (2) Establish agreements with participating credentialing entities to coordinate credentialing activities, including roles and responsibilities; and
- (3) Establish and measure pre- and post-intervention process measures and outcome measures.

(b) The pilot program may include the following health care provider verification services, or others as determined by the department:

- (1) Training and education, including dates of post-graduate education or training and completion of residencies or practicums in a specialty;
- (2) Licensing and certification, including licensure status in the State of Hawaii, national provider identifier number, active United States Drug Enforcement Agency number, certificate of controlled

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1 dangerous substances, and eligibility to participate
2 in medicare or medicaid;

3 (3) Work history details, including a five-year work
4 history, explanations for gaps longer than six months,
5 and histories of loss of license, felony convictions,
6 and loss of privileges; and

7 (4) Active and sufficient malpractice insurance including
8 malpractice history.

9 (c) The department shall incorporate credentialing
10 standards published by the Joint Commission, National Committee
11 on Quality Assurance, or other relevant entities into policies
12 and procedures as applicable.

13 (d) The department may partner with private sector
14 entities and may accept financial and in-kind donations from
15 private sector entities to operate the pilot program.

16 (e) The department shall convene an advisory committee to
17 make recommendations to the department on the implementation and
18 operation of the pilot program. The members shall include:

19 (1) A representative from the Hawaii health systems
20 corporation;

21 (2) A representative from the university of Hawaii John A.
22 Burns School of Medicine;

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(3) A representative from the Healthcare Association of Hawaii;

(4) A representative from the Hawaii Medical Association;

(5) A representative from the Hawaii Association of Health Plans;

(6) A representative from the Hawaii Primary Care Association; and

(7) Any other entity invited by the director of health.

(f) The department may contract for all or part of the pilot program.

(g) The department shall submit a report to the legislature of its finding and recommendations, including any proposed legislation no later than twenty days prior to the convening of the regular sessions of 2026 and 2027.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$250,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to carry out the purposes of this Act, including for the establishment and administration of a two-year centralized health care credentialing pilot program.

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1 The sums appropriated shall be expended by the department
2 of health for the purposes of this Act.

3 SECTION 4. This Act, upon its approval, shall take effect
4 on July 1, 2025.

5
6 INTRODUCED BY: Nashia K. Parker

7 BY REQUEST

JAN 21 2025

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Report Title:

DOH; Centralized Health Care Credentialing Pilot Program;
Appropriation

Description:

Authorizes the Department of Health to implement a two-year pilot program that reduces duplicative activities required for the credentialing of health care providers by hospitals, universities, clinics, health plans, and independent practice associations; and establishes an advisory committee.
Appropriates funds.

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JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO CREDENTIALING OF HEALTH CARE PROVIDERS.

PURPOSE: To improve health care access and reduce administrative burden related to the credentialing of health care providers.

MEANS: Authorize the Department to establish the Health Care Credentialing Pilot Program through session law and appropriate funds.

JUSTIFICATION: This bill is required to improve access to health care and reduce the administrative burden on health care providers by centralizing credentialing activities into one entity.

Credentialing standards across the health care industry are largely similar, and health care entities that require credentialing dedicate resources to largely duplicative processes for the same pool of health care providers.

Systems, services, and processes for which standardization and scale are key factors can benefit from centralization, as opposed to decentralization where responsiveness and agility to changing conditions is important. A pilot program to establish a centralized credentialing entity to which providers submit their information and fees one time, and from which multiple end-users such as hospitals, universities, clinics, health plans, and independent practice associations can access that information should produce economies of scale, reduce overall system costs, and reduce provider frustration. This should also increase patient access as providers more easily and quickly are verified to participate in health plans and are privileged to provide care at health facilities.

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Impact on the public: Improved access to health care providers due to a more streamlined credentialing process.

Impact on the department and other agencies: Potential impact to the Department of Commerce and Consumer Affairs relating to insurance company regulation and provider licensing.

Hawaii Health Systems Corporation may benefit from reduced administrative and risk management costs.

GENERAL FUND: \$250,000.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: HTH 907.

OTHER AFFECTED
AGENCIES: Department of Commerce and Consumer Affairs;
Hawaii Health Systems Corporation.

EFFECTIVE DATE: July 1, 2025.