

State of Michigan  
One Source Credentialing

Michigan Department of Community Health  
Medical Services Administration

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## **Abstract- One Source Credentialing**

**Project budget— \$5,208,819**

The advantages of One Source Credentialing include:

- A tightly integrated link between Licensing and Medicaid Provider Enrollment that will reduce the window of time that a sanctioned provider can receive inappropriate payment from months and weeks to hours or minutes.
- The wider the adoption of the One Source system in the state, the faster the information will flow to facilities – alerting them that they may have problem providers on their staffs. Allowing organizations time to take reasonable actions to address issues that they may have concerning these providers.
- The overall quality of the provider pool will improve as a whole in the state, in addition to reducing processing costs of each organization who currently processing the same information on providers repeatedly, ninety percent of which remains static in any credentialing file.

An average Michigan physician is credentialed at twelve locations at any one time (three hospitals, Medicaid, Medicare, Blues, Licensing, and five other payers or group practices) at an average cost of five hundred dollars (\$500.00) per credentialing – that's six thousand dollars (\$6,000.00) per provider. There are currently 72,000 licensed professionals in Michigan most of whom work with Medicaid beneficiaries. They include nurses, physical and occupational therapist, etc. Medicaid re-credentials all providers in the system which currently numbers 40,000 or at an expense of \$20,000,000. To the state government alone there are millions of dollars in labor that could be saved over time by reducing the processing of duplicated information. If this is then expanded to the other ten organizations performing the same function we eliminate significant cost from the health care system in Michigan.

The goal of the project is to implement commercially available products; use a standard front end application such as the one developed by Council for Affordable Quality Healthcare (CAQH) then integrate information technology industry standard tools such as WebCrawlers and middle ware data exchange engines to provide real-time exchange of data among stakeholder systems throughout the state. Once this technology is in place, the goal of eliminating payments to sanctioned providers within the shortest window is possible, thus eliminating fraudulent payments.

With the proliferation of high band width, low cost data lines, and regional and statewide Health Information Exchanges, these data connections become easier to make and maintain. This newly revised process will remove duplication of work, allow for administrative simplification, and reduce cost from the overall health system.

# One Source Credentialing

*Statement of Project/Need* — Because the cost of healthcare is rising at a rate that far exceeds the inflation rate, and is negatively effecting the national economy in a variety of ways, there is a body of research relating to ways to make healthcare more cost efficient. One area that has been largely overlooked to date is the provider credentialing process. As with a number of other healthcare processes, the provider credentialing process involves doing the exact same thing over and over, and, is largely a tedious, manual process that can be streamlined and the cost slashed with a simple, readily-available technology-based process.

There are three types of entities that credential providers:

- 1. State Government:** There are two different areas within Michigan's Department of Community Health that independently credential providers, and the two different processes have significant duplication. The first is the Bureau of Health Professions. As of July 2006, the Bureau managed the licensing process for 21 health professions. Each of these health professions has a Board that stipulates the requirements for licensing that profession.

In addition to the certification process to obtain a Michigan license, if the provider chooses to provide services to any of the beneficiaries of State administered programs, Michigan requires that they be certified by the Provider Enrollment Unit (see Provider Enrollment Agreement attached.)

- 2. Healthcare Groups and Facilities:** Most providers operate within healthcare groups or in healthcare facilities such as hospitals. These entities require the

provider to meet their organization's credentialing requirements in order to participate or become employed by their organization, and, of course, these credentialing requirements are virtually identical to the State Government requirements.

- 3. Payers:** Virtually every provider is enrolled in more than one healthcare payment reimbursement insurance system such as Medicaid or Blue Cross Blue Shield of Michigan, and each have an independent credentialing process, and each of these processes is virtually identical to the others.

The typical credentialing process requires the provider to submit any or all of the following to each entity: educational transcripts, years of experience and experience details, board certifications, professional reference, and specialties. The process of verifying credentials is time consuming, paper intensive and expensive.

As a regulatory organization, the State of Michigan has a statutory responsibility to collect and verify credentials. Significant cost savings can be gained on the part of payers, facilities and the provider if, in their credential verification process, they reference and rely upon this base of the State's verified information rather than redoing the verification process. The credentialing process would be built on the combined requirements of Michigan's Medicaid Provider Enrollment Unit and the State's licensing process.

In addition, the State's process will be updated to use existing primary source verification, and no longer rely exclusively on documentation submitted by the providers

The provider will no longer need to submit a hard copy of their in-state or out-of-state license because this information will be available electronically following the primary source validation guidelines established by the Joint Commission. This new process, “One Source,” will also collect information on proof of subspecialty, proof of their license, and certification or registration for providing certain Medicaid specialized services. The same process will be followed for out-of-state licensees’ enrollments and renewals. The One Source process will manage checking to ensure, and validate that, the renewal cycle of their out-of-state license are met.

### ***Sanctions***

The One Source process will allow all parties who have a need to know when adverse actions are taken against a provider are granted immediate access to that information. Such actions would be communicated through One Source to the Medicaid payment systems, licensing, and to the National Practitioner Databank. In addition any actions taken and reported by others to licensing agencies or the Databank would also be available to One Source. Any other payers or providers that participated in the One Source system would have real time access to this information as well.

Payer organization standards for enrollment can have legal and financial implications and can impact the quality of health care service provided. As an example, Medicaid can terminate an enrolled provider for delinquency in the repayment of government student loan, or withhold reimbursement for providers who do not hold a valid state license. In Michigan, when a Medicaid provider’s license is suspended or revoked, their payments are denied. If that provider is providing Medicaid services through a facility such as a hospital, and they are de-enrolled while providing services, the claims made by the

facility for reimbursement after the de-enrollment date of the primary provider will be denied along with the provider's claims. Therefore, it is in the interest of the facilities that they know the current enrollment status of their providers on a real-time basis.

***Project Justification*** — The advantages of One Source are diverse and include:

- A tightly integrated link between Licensing and Medicaid Provider Enrollment that will reduce the window of time that a sanctioned provider can receive inappropriate payment from months and weeks to hours or minutes.
- The wider the adoption of the One Source system in the state, the faster the information will flow to facilities – alerting them that they may have problem providers on their staffs. Allowing organizations time to take reasonable actions to address issues that they may have concerning these providers.
- The overall quality of the provider pool will improve as a whole in the state, in addition to reducing processing costs of each organization who currently processing the same information on providers repeatedly, ninety percent of which remains static in any credentialing file.

***Project Goals and Outcomes*** — The goal of the project is to implement commercially available products; use a standard front end application such as the one developed by Council for Affordable Quality Healthcare (CAQH,) the Universal Credentialing Data Source (UCD,) to collect the credentialing data on providers. In addition, use commercially available credentialing software package such as Cactus Solutions or

Intellisoft Group, both of which support large volume of providers to manage the credentialing volumes. Finally, integrate WebCrawler technology to search other databases and specialty boards as well as NPD for sanction information and implement a middleware solution such as BizTalk, or IBM WebSphere to provide real-time exchange of data among stakeholder systems throughout the state. Once this technology is in place, the goal of eliminating payments to sanctioned providers within the shortest window possible, and making that information available to those organizations that need to know this critical information as soon as possible, can be achieved.

With the proliferation of high band width, low cost data lines, and Health Information Exchanges beginning to develop standards, these data connections become easier to make and maintain. The newly revised process will remove duplication of work, allow for administrative simplification, and reduce cost from the overall health system.

An average Michigan physician is credentialed at twelve locations at any one time (three hospitals, Medicaid, Medicare, Blues, Licensing, and five other payers or group practices) at an average cost of five hundred dollars (\$500.00) per credentialing – that's six thousand dollars (\$6,000.00) per provider. There are currently 72,000 licensed professionals in Michigan most of whom work with Medicaid beneficiaries. They include nurses, physical and occupational therapist, etc. Medicaid re-credentials all providers in the system which currently numbers 40,000 or at an expense of \$20,000,000. To the state government alone there are millions of dollars in labor that could be saved over time by reducing the processing of duplicated information. If this is then expanded to the other ten organizations performing the same function we eliminate significant cost from the health care system in Michigan.

***Estimate of Impact to Beneficiaries*** — The indirect impact to beneficiaries come in the form of the quality improvement of the pool of providers servicing them. Through this centralized repository there will be faster notification of sanctioned or revocation of licensed providers. Allowing provider networks, health systems or hospitals to take the action they need to insure the safety of patients they serve throughout the state. From a funding perspective, restricting payment even temporarily away from sanctioned providers, improves the access to and speed of payment to non-sanctioned providers. Full and timely payment will encourage the higher quality practitioners to participate in Medicaid, thus recipients have improved access to care on a statewide basis. This project will impact 72,000 providers and indirectly impact 1.5 million Medicaid beneficiaries, not to mention the rest of the population of the state.

***Description of Magnitude of the Transformation/System Change*** — Perhaps the eloquence of this project lies in the fact that the project itself is limited in size and scope it can be staffed and implemented with a relatively small team of twenty or so members from various vendors and the state for implementation. The system can be built and data moved and authenticated in stages without effecting current systems or process to prove the accuracy and dependability of the systems and the process. Interfaces can be built and tested in safe environments before the production system is impacted. The results and long term potential impact of the project is enormous if adopted statewide. Assuming 100% participation and a three year re-credentialing cycle, and only half the expense were saved, (a very conservative estimate,) it could remove \$35,000,000 of

administrative costs form the healthcare system in Michigan annually. In addition, Medicaid would have a provider enrollment system that processed application using primary sourced compliant documents thus having an accredited credentialing process. Like with most programs of this type, the barriers to movement to other environments are not technical from an IT or coding perspective. Rather, the barriers to entry for other states will be political in nature. A number of associations have for-profit companies in this market, as well as organizational egos thinking no one could possibly do it to their standards. With the appropriate data and coding standards in place it would be possible to roll this out in any state and achieve data sharing on a regional and national basis and significant cost savings on an almost immediate basis.

***Description of Sustainability of the Project —***

This project can be sustained by the diversion of current funds from the operation budgets in Licensing and Medicaid Provider Enrolment to this endeavor to support this concept in the first of the roll-out years. Then as other areas of the state adopt this process such as the hospitals and Department further interdepartmental transfer can be made to support the monomial growth required. If the process then spreads to other organizations an appropriate fee can be established to help support the growth of the system and support staff. Even with a nominal fee, the cost savings to statewide stakeholders is substantial.

***Evaluation Plan*** —

The legislative and regulatory actions that created the initiative, policies, and procedures to guide the development and operation of credentialing in Michigan provide a clear intent that the initiative is to be monitored and evaluated in a quality manner. In addition, there is a promise to the people of Michigan and a responsibility to the professional practice of medicine that this innovative initiative be submitted to the highest quality of evaluation and standards.

Because the merging of healthcare credentialing will be a new initiative, the evaluation plan will incorporate elements of both formative and summative evaluation. The purpose of formative evaluation is to provide information to improve the credentialing process by assessing their ongoing activities. It will be conducted continuously throughout the duration of credentialing process and will include estimates of cost savings resulting from the project when implemented.

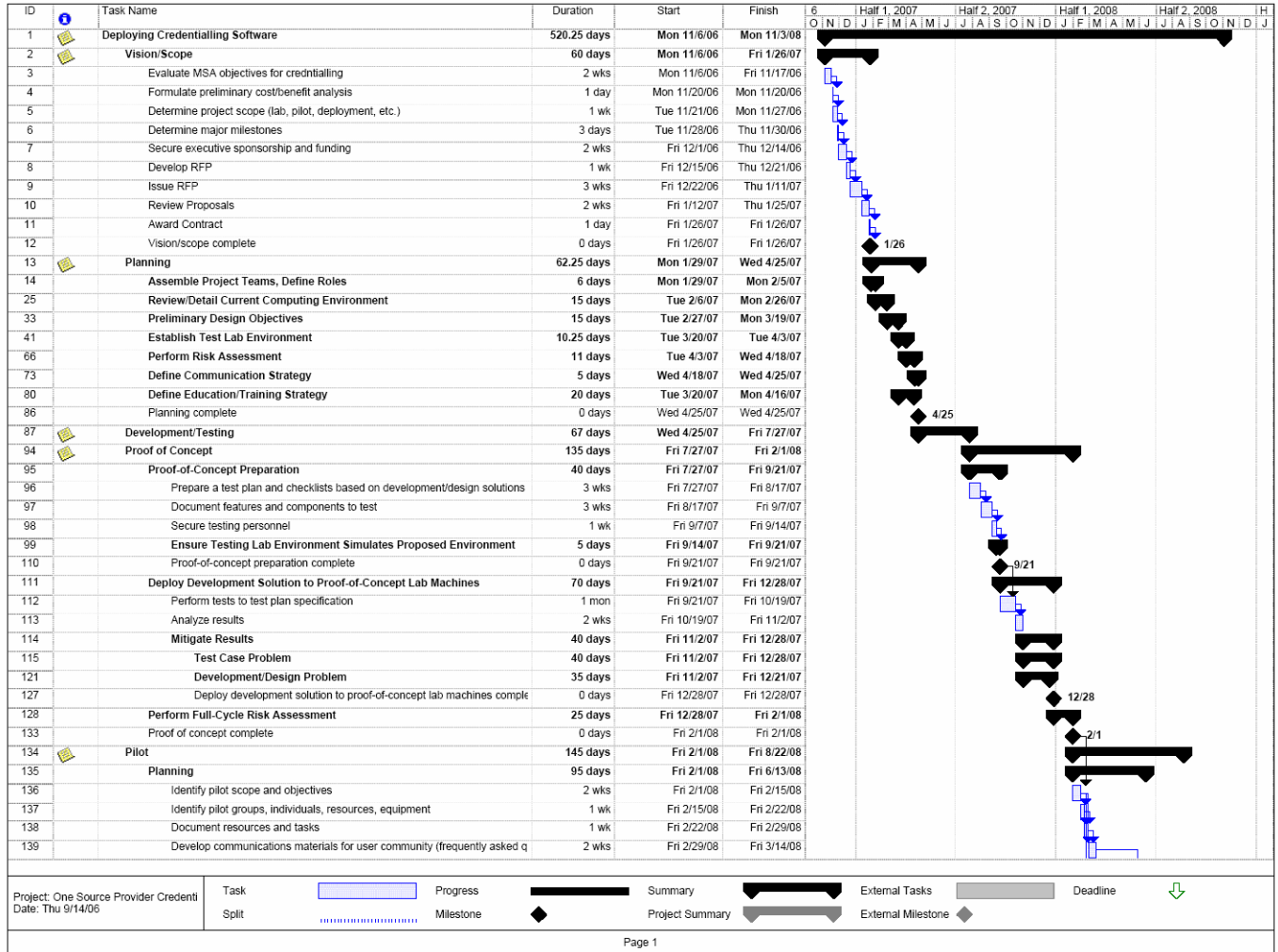
Based on the estimate of \$500 to credential one provider, the savings will be tracked by utilizing the following formula:

$$\begin{aligned} & (\# \text{ of times duplicative credentialing is avoided}) \times (\text{the cost of credentialing}) \\ & = \text{Cost Savings} \end{aligned}$$

The summative process will provide evidence of achievements and quality outputs towards the end of the project and will include assessment of quality improvements and

clinical outcomes. The evaluation plan will be designed to address the primary purposes for which credentialing and the associated legislation and regulations were created.

***Description of Project Implementation Readiness*** —Meetings have been conducted with several large payers, provider organizations, and professional associations to discuss collaboration on this effort. Several meetings have also been held with potential vendors of the core credentialing systems as well as contacts with Microsoft and HP to discuss deployment options of various solutions, and various methodologies for performing the necessary data modeling, normalization and transport to query and populate the various systems. It is believed we could have a fully operational pilot project underway within six to nine months of award. The following is a high level or rolled up project plan of the next steps that we will be taking if the grant is awarded. As you can see from the plan we are being aggressive but have the commitment of many in the vendor community that they will allocate the necessary resources to make this project a success.





***Estimated budget total— \$5,208,819***

	FY2007	FY2008	TOTAL
Personnel/Fringe benefits	638,400	638,400	1,276,800
Contractual cost	2,378,193	1,362,318	3,740,571
Supplies			
Equipment			
Other costs(indirect at 10.6% of S&W)	67,670	67,670	135,340
Random Moment @ 1.5%	35,673	20,435	56,108