

AMENDED IN ASSEMBLY MAY 23, 2025

AMENDED IN ASSEMBLY APRIL 7, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1041

**Introduced by Assembly Member Bennett
(Coauthor: Assembly Member Addis)**

February 20, 2025

An act to add Sections 1374.198 and 1380.2 to the Health and Safety Code, and to add Sections 10110.9 and 10144.565 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1041, as amended, Bennett. Health care coverage: health care provider credentials.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act's requirements a crime. Existing law provides for the regulation of health insurers by the Department of Insurance.

This bill would require those departments to ~~review~~ *adopt* specified credentialing requirements and adopt regulations to establish minimum standards or policies and processes that can streamline and reduce redundancy and delay in provider credentialing. The bill would also require those departments to adopt regulations to ~~develop~~, *adopt*, on or before ~~July 1, 2027, a January 1, 2028, the National Committee for Quality Assurance~~ standardized credentialing form to be used by *full service* health care service plans and health insurers *and their designees* for credentialing and recredentialing purposes. The bill would require

every *full service* health care service plan or health insurer *or their designees* to use the standardized credentialing form on and after ~~July 1, 2027, January 1, 2028,~~ or six months after the form is ~~completed,~~ *adopted*, whichever is later. The bill would require those departments to update the form every three years, or as necessary to comply with changes in laws, regulations, and guidelines, as specified.

Existing law requires a health care service plan or disability insurer that provides coverage for mental health and substance use disorders and that credentials health care providers of those services for its networks to assess and verify the qualifications of a health care provider within 60 days after receiving a completed provider credentialing application.

This bill would, except as provided above, require ~~a every~~ health care service plan or health insurer ~~that credentials or their designees that credential~~ health care providers for ~~its their~~ networks to ~~assess and verify the qualifications~~ *approve the credentials* of a provider within 90 days after receiving a completed provider credentialing application. *The bill would require every health care service plan or health insurer or their designees to activate the provider upon successful approval and notify the applicant of the activation, as specified.* If the health care service plan or health insurer ~~does or their designees do~~ not meet the 90-day requirement, the bill would require the applicant's credentials to be conditionally approved *for 120 days* unless specified circumstances apply, including that the applicant is subject to discipline by the licensing entity for that applicant.

Because a willful violation of these provisions by a health care service plan would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1374.198 is added to the Health and
- 2 Safety Code, immediately following Section 1374.197, to read:

1 1374.198. Except as provided in Section 1374.197, ~~for provider~~
2 ~~contracts issued, amended, or renewed on and after January 1,~~
3 ~~2026, within one year after adoption of a regulation required under~~
4 ~~Section 1380.2, a health care service plan or its designee that~~
5 ~~credentials health care providers for its networks shall assess and~~
6 ~~verify the qualifications~~ *approve the credentials* of a health care
7 provider within 90 days after receiving a completed provider
8 ~~credentialing application.~~ *application, including all required*
9 *third-party verifications.* Upon receipt of the application by the
10 credentialing department, the health care service plan *or its*
11 *designee* shall notify the applicant within 10 business days to verify
12 receipt and inform the applicant whether the application is
13 complete. *The health care service plan shall activate the provider*
14 *upon successful approval and notify the applicant of the activation*
15 *within 10 days for approval if the approval occurs prior to the end*
16 *of the 90-day timeline.* The 90-day timeline shall apply only to the
17 credentialing process and does not include contracting completion.
18 If the health care service plan *or its designee* does not meet the
19 90-day requirement, the applicant's credentials shall be
20 conditionally approved *for 120 days* unless ~~at~~ *any* of the following
21 apply:

22 (a) The applicant is subject to discipline by the licensing entity
23 for that applicant.

24 (b) ~~The applicant is subject to malpractice pursuant to~~ *has one*
25 *or more adverse action reports or one or more reports of*
26 *malpractice payments filed with the National Practitioner Data*
27 *Bank.*

28 (c) The applicant has not been credentialed by the health care
29 service plan in the past five years.

30 SEC. 2. Section 1380.2 is added to the Health and Safety Code,
31 to read:

32 1380.2. (a) The department shall ~~review~~ *adopt* the National
33 ~~Committee for Quality Assurance, Medicare, and Medicaid~~
34 ~~credentialing requirements~~ *Assurance (NCQA) credentialing forms*
35 *and adopt regulations pursuant to Chapter 3.5 (commencing with*
36 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*
37 *Code to do both of the following:*

38 (1) Establish minimum standards or policies and processes that
39 can streamline and reduce redundancy and delay in provider
40 credentialing.

(2) (A) On or before ~~July 1, 2027, develop a~~ *January 1, 2028, adopt the NCQA* standardized credentialing form that shall be used by all *full service* health care service plans *or their designees* for credentialing and recredentialing purposes. Notwithstanding any other law, on and after ~~July 1, 2027, January 1, 2028, or six months~~ after the form is ~~completed~~ *adopted* pursuant to this section, whichever is later, every *full service* health care service plan *or its designee* shall use the standardized credentialing form described in paragraph (2). A *full service* health care service plan *or its designee* shall only be allowed to request additional information from a provider to clarify and confirm information that is provided on the standardized credentialing ~~form.~~ *form, including verification of information not specifically disclosed on the provider's application. The provider shall respond to the request within 10 business days.* A health care service plan *or its designee* shall minimize the number of requests for additional information from providers.

(B) The standardized credentialing form ~~developed~~ *adopted* pursuant to this subdivision shall be made electronically available by the department and *full service* health care service ~~plan.~~ *plan or its designee.* The form may be electronically completed and submitted by the provider to the *full service* health care service ~~plan.~~ *plan or its designee.*

(C) The department shall update the standardized credentialing form every three years, or as necessary to comply with changes in laws, regulations, and guidelines related to the credentialing requirements. *Notwithstanding, any other law, the department's standardized credentialing form is not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).*

(b) Paragraph (2) of subdivision (a) does not apply to contracts with the State Department of Health Care Services pursuant to Chapter 7 (commencing with Section 14000) or Chapter 8 (commencing with Section 14200) of Part 3 of Division 9 of the Welfare and Institutions Code.

SEC. 3. Section 10110.9 is added to the Insurance Code, to read:

10110.9. The department shall ~~review~~ *adopt* the National Committee for Quality ~~Assurance, Medicare, and Medicaid~~ *Assurance (NCQA) credentialing forms*

1 and adopt regulations *pursuant to Chapter 3.5 (commencing with*
 2 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*
 3 *Code* to do both of the following:

4 (a) Establish minimum standards or policies and processes that
 5 can streamline and reduce redundancy and delay in provider
 6 credentialing.

7 (b) (1) On or before ~~July 1, 2027~~, ~~develop a~~ *January 1, 2028,*
 8 *adopt the NCQA* standardized credentialing form that shall be used
 9 by all health insurers *or their designees* for credentialing and
 10 recredentialing purposes. Notwithstanding any other law, on and
 11 after ~~July 1, 2027~~, *January 1, 2028*, or six months after the form
 12 is ~~completed~~ *adopted* pursuant to this section, whichever is later,
 13 every health insurer *or its designee* shall use the standardized
 14 credentialing form described in paragraph (2). A health insurer *or*
 15 *its designee* shall only be allowed to request additional information
 16 from a provider to clarify and confirm information that is provided
 17 on the standardized credentialing ~~form~~. *form, including verification*
 18 *of information not specifically disclosed on the provider's*
 19 *application. The provider shall respond to the request within 10*
 20 *business days.* A health insurer *or its designee* shall minimize the
 21 number of requests for additional information from providers.

22 (2) The standardized credentialing form ~~developed~~ *adopted*
 23 pursuant to this subdivision shall be made electronically available
 24 by the department and health ~~insurer~~. *insurer or its designee.* The
 25 form may be electronically completed and submitted by the
 26 provider to the health ~~insurer~~. *insurer or its designee.*

27 (3) The department shall update the standardized credentialing
 28 form every three years, or as necessary to comply with changes in
 29 laws, regulations, and guidelines related to the credentialing
 30 requirements. *Notwithstanding, any other law, the department's*
 31 *standardized credentialing form is not subject to the Administrative*
 32 *Procedure Act (Chapter 3.5 (commencing with Section 11340) of*
 33 *Part 1 of Division 3 of Title 2 of the Government Code).*

34 SEC. 4. Section 10144.565 is added to the Insurance Code,
 35 immediately following Section 10144.56, to read:

36 10144.565. Except as provided in Section 10144.56, ~~for~~
 37 ~~provider contracts issued, amended, or renewed on and after~~
 38 ~~January 1, 2026, within one year after adoption of a regulation~~
 39 *required under Section 10110.9, a health insurer or its designee*
 40 *that credentials health care providers for its networks shall assess*

1 ~~and verify the qualifications~~ *approve the credentials* of a health
2 care provider within 90 days after receiving a completed provider
3 ~~credentialing application.~~ *application, including all required*
4 *third-party verifications.* Upon receipt of the application by the
5 credentialing department, the health insurer *or its designee* shall
6 notify the applicant within 10 business days to verify receipt and
7 inform the applicant whether the application is complete. *The*
8 *health insurer shall activate the provider upon successful approval*
9 *and notify the applicant of the activation within 10 days for*
10 *approval if the approval occurs prior to the end of the 90-day*
11 *timeline.* The 90-day timeline shall apply only to the credentialing
12 process and does not include contracting completion. If the health
13 insurer *or its designee* does not meet the 90-day requirement, the
14 applicant's credentials shall be conditionally approved *for 120*
15 *days unless all* any of the following apply:

16 (a) The applicant is subject to discipline by the licensing entity
17 for that applicant.

18 (b) ~~The applicant is subject to malpractice pursuant to~~ *has one*
19 *or more adverse action reports or one or more reports of*
20 *malpractice payments filed with the National Practitioner Data*
21 *Bank.*

22 (c) The applicant has not been credentialed by the health insurer
23 in the past five years.

24 SEC. 5. No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district will be incurred because this act creates a new crime or
28 infraction, eliminates a crime or infraction, or changes the penalty
29 for a crime or infraction, within the meaning of Section 17556 of
30 the Government Code, or changes the definition of a crime within
31 the meaning of Section 6 of Article XIII B of the California
32 Constitution.