Montana Department of LABOR & INDUSTRY

Licensing Reform Task Force

Healthcare Subcommittee

SUMMARY RECOMMENDATION:
REVIEW INSURANCE CREDENTIALING TIMELINES AND STANDARDIZATION THROUGH STUDY PROCESS

Recommendation

The Healthcare Subcommittee recommends that the Licensing Reform Task Force endorse a study-based approach to insurance credentialing timelines and standardization rather than immediate substantive regulation. The recommended alternative is to refer the issue to a focused study group, study bill, or interim committee review to collect data, assess jurisdictional limits, coordinate with existing payer and provider efforts, and determine whether any future legislative or regulatory action is warranted.

This recommendation should recognize that insurance credentialing is a downstream, non-licensure barrier that can delay when newly licensed providers are able to practice or bill, but that many credentialing processes may be controlled by private payers, federal programs, Medicaid, insurance regulation, accreditation standards, or payer-provider contracting requirements rather than occupational licensing boards.

The study process should consider that there is already a payer-provided working group looking at this issue. Rather than duplicating that work or imposing immediate regulation without a complete record, the Task Force should recommend coordination with that working group, collection of objective timeline and process data, identification of regulatory authority, and development of voluntary or legislative options if evidence shows that credentialing delays are materially affecting provider access.

Executive Order No. 1-2026 Report Elements Addressed

This recommendation addresses the following Executive Order No. 1-2026 report elements:

- **Public health, safety, or welfare risk:** The recommendation does not lower licensure standards or public-protection requirements. It studies whether post-licensure credentialing delays prevent otherwise qualified providers from serving patients.
- **Public benefit from licensure:** Licensure remains the public-protection threshold. The study should distinguish state licensure from payer credentialing, contracting, enrollment, and reimbursement processes.
- **Justified licensure qualifications:** The recommendation does not change licensure qualifications. It asks whether non-licensure administrative processes create avoidable delay after licensure has been obtained.
- **Unnecessary barriers to entry or continued practice:** Credentialing delays may function as practical barriers to entry even after a provider is licensed, particularly if they prevent the provider from billing, joining networks, or beginning practice.
- **Workforce shortages and rural access constraints:** Delays in credentialing may limit access to care where clinics, rural communities, or shortage areas need newly licensed providers to begin serving patients quickly.
- **Portability, reciprocity, or endorsement pathways:** The study should consider whether credentialing processes interact with licensure portability, temporary licensure, endorsement, and provider relocation.

- **Alignment with rural health transformation initiatives:** Reviewing credentialing delays aligns with the Executive Order's focus on timely access to healthcare services, rural workforce needs, and evidence-based reforms.

Policy Assessment

Benefits

The primary benefit of this recommendation is that it acknowledges credentialing delays as a real access-to-care concern while choosing a careful evidence-gathering path before recommending substantive regulation. The Healthcare Subcommittee survey reflected high support for review of this issue, with 13 yes votes, no no votes, and 2 tabled votes.

A study group, study bill, or interim committee review would allow the Task Force to collect objective data on average credentialing timelines, payer variation, documentation requirements, denial rates, bottlenecks, and whether delays differ for new graduates, temporary licensed providers, providers relocating to Montana, behavioral health professionals, rural providers, or other categories. This approach also allows the Task Force to coordinate with the existing payer-provided working group rather than creating a conflicting or duplicative process.

Information provided by Blue Cross Blue Shield supports the need for factual development.

- **Query:** is there was a way the commercial payers could either approve credentialing pending completion of licensure, so the process can happen concurrently, or if the process currently does happen concurrently?
- **Response:** Credentialing is part of the provider onboarding process. Onboarding is initiated by the provider submitting a request online via bcbsmt.com and continues through the following sequential steps: provider record setup, contracting, credentialing, contract execution, and network activation. In order to have a provider record set up, the provider must have a license. BCBSMT will accept a temporary license. Credentialing is initiated upon receipt of the contract from the provider, and the provider can be credentialed with a temporary license. Per NCQA standards, we cannot credential a provider without a license. The current YTD average for BCBSMT for credentialing from receipt of a complete application to decision is 23 days.

The response indicates that payer credentialing may involve multiple sequential steps, including provider record setup, contracting, credentialing, contract execution, and network activation. It also indicates that at least one payer may accept a temporary license and initiate credentialing upon receipt of a contract from the provider, but that credentialing without a license may be restricted by NCQA standards.

These details suggest that the issue may not be a single licensing problem. It may involve payer workflows, contracting sequence, accreditation standards, temporary licensure rules, completeness of applications, and the point at which credentialing can begin. A study process is therefore better suited than immediate regulation because it can identify which delays are within state authority and which are controlled by private, federal, contractual, or accreditation requirements.

Limitations

The main limitation of a study-based recommendation is that it does not immediately shorten credentialing timelines. Providers and clinics experiencing current delays may prefer immediate deadlines, deemed-credentialed rules, or standardized forms. However, immediate substantive regulation could be premature without clarity about DLI's role, the Commissioner of Securities and Insurance's role, Medicaid authority, federal constraints, ERISA-related limits, payer accreditation standards, and existing payer efforts.

A second limitation is that the existing payer-provided working group may not fully capture provider experiences unless the study process includes providers, clinics, rural facilities, behavioral health stakeholders, Medicaid representatives, insurance regulators, and DLI licensing staff. The Task Force should therefore recommend coordination with the payer-provided working group while ensuring that any study process includes balanced stakeholder representation and objective data collection.

Implementation Considerations

- Recommend a study group, study bill, or interim committee review rather than immediate substantive regulation.
- Coordinate with the existing payer-provided working group and request information on current payer credentialing workflows, timelines, standards, and barriers.
- Determine DLI's role and whether any implementation would require coordination with the Commissioner of Securities and Insurance, Medicaid, DPHHS, federal programs, or other entities.
- Collect stakeholder data on average credentialing timelines, denial rates, incomplete-application rates, documentation requirements, contracting sequence, temporary-license treatment, and payer variation.
- Distinguish state-regulated payer issues from federal Medicare, Medicaid, ERISA-related, accreditation, and private contracting constraints.
- Evaluate whether voluntary standardization, model timelines, uniform application elements, or deemed-credentialed provisions for providers licensed in good standing would be appropriate after the study record is developed.
- Include provider-side and clinic-side input, particularly from rural clinics, behavioral health providers, new graduates, providers using temporary licenses, and providers relocating to Montana.
- Use the study process to identify whether delays occur because credentialing cannot begin before licensure, because contracting must occur before credentialing, because applications are incomplete, because payer review is delayed, or because external accreditation or federal standards apply.
- Require any study product to distinguish recommendations that can be implemented voluntarily from those requiring legislation, rulemaking, insurance regulation, Medicaid policy changes, payer contracting changes, or federal action.

Study Options

The Healthcare Subcommittee may present one or more of the following study alternatives to the Task Force:

- **Study group:** Establish a time-limited stakeholder group including payers, providers, clinics, DLI, CSI, Medicaid/DPHHS, rural health representatives, and licensing-board staff to collect data and propose voluntary or legislative options.
- **Study bill:** Recommend a study bill for the 2027 Legislature directing an interim review of payer credentialing timelines, standardization options, state authority, and access-to-care impacts.
- **Interim committee review:** Refer the issue to an appropriate interim committee for review of credentialing timelines, payer variation, temporary-license treatment, rural access impacts, and potential statutory or regulatory options.
- **Voluntary standardization track:** Encourage the existing payer-provided working group to continue developing voluntary improvements while reporting data and recommendations to the Task Force or interim committee.

Motion

The Healthcare Subcommittee moves that the Licensing Reform Task Force endorse an alternative recommendation to review insurance credentialing timelines and standardization through a study group, study bill, or interim committee review rather than immediate substantive regulation.

The Subcommittee further moves that the study process coordinate with the existing payer-provided working group, collect objective data on credentialing timelines and bottlenecks, evaluate the treatment of temporary licenses and newly licensed providers, distinguish licensure issues from payer contracting and reimbursement issues, and identify which potential reforms fall within DLI, CSI, Medicaid, payer, accreditation, federal, or legislative authority.

The recommendation should be included in the Task Force's final report as a non-licensure access-to-care and administrative-barrier review, subject to final legal review and coordination with payers, providers, rural health stakeholders, DLI, CSI, Medicaid/DPHHS, and any relevant interim committee.