
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 1041 (Bennett) - Health care coverage: health care provider credentials

Version: July 7, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: HEALTH 10 - 0

Mandate: Yes

Consultant: Agnes Lee

Bill Summary: AB 1041 would require the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI) to establish minimum standards or policies and processes regarding provider credentialing and would impose timelines for health plans and insurers regarding their provider credentialing processes.

Fiscal Impact:

- Unknown ongoing costs, potentially hundreds of thousands, for the DMHC for state administration (Managed Care Fund).
- The CDI estimates costs of \$300,000 in 2025-26 and \$722,000 in 2026-27; and, beginning in 2030-31 and ongoing thereafter, \$77,000 for consulting services for state administration (Insurance Fund).
- Unknown, potential cost pressures to reimburse Medi-Cal plans for administration (General Fund and federal funds).

Background: Credentialing is a process by which documentation is reviewed for each individual physician/provider to determine participation in a health plan network. Such documentation may include, but is not limited to, the applicant's education, training, clinical privileges, experience, licensure, accreditation, certifications, professional liability insurance, malpractice history, professional competency, and physical and mental impairments. The National Committee for Quality Assurance (NCQA) is a nonprofit organization that provides a framework for organizations to implement industry best practices that help them accurately and efficiently credential and re-credential health care professionals. The standards help credentialing agencies identify gaps for improvement and align services with those desired by potential contracting organizations.

California law requires a health plan or 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. Upon receipt of the application by the credentialing department, the health plan/insurer must notify the applicant within seven business days, to verify receipt and inform the applicant whether the application is complete. The 60-day timeline applies only to the credentialing process and does not include contracting completion.

Proposed Law: Specific provisions of the bill would:

- Require a health plan or insurer that credentials health care providers for its networks to make a determination regarding the credentials of a health care provider within 90 days after receiving a completed provider credentialing application, including all required third-party verifications; require, upon receipt of the application by the credentialing department, the health plan or insurer to notify the applicant within 10 business days to verify receipt and inform the applicant whether the application is complete; require the health plan or insurer to activate the provider upon successful approval and notify the applicant of the activation within 10 days of approval if the approval occurs prior to the end of the 90-day timeline, as specified; and require that if the health plan or insurer does not meet the 90-day requirement, the applicant's credentials must be provisionally approved for 120 days, except as specified.
- Require the DMHC and the CDI to review the NCQA health plan credentialing standards and guidelines, and adopt regulations to do both of the following:
 - Establish minimum standards or policies and processes that can streamline and reduce redundancy and delay in provider credentialing.
 - Develop a standard credentialing form that must be used by all full service plans (except Medi-Cal plans) or their designees for credentialing and recredentialing purposes, as specified.

Related Legislation: AB 815 (Wood, 2023) would have required health plans and insurers that credential health care providers for its networks to assess and verify the qualifications of a health care provider. The bill was held on the suspense file in this committee.

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