Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1041
Author: Bennett (D), et al.
Amended: 8/29/25 in Senate
Vote: 21

SENATE HEALTH COMMITTEE: 10-0, 7/2/25
AYES: Menjivar, Durazo, Gonzalez, Grove, Limón, Padilla, Richardson, Rubio, Weber Pierson, Wiener
NO VOTE RECORDED: Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/29/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

ASSEMBLY FLOOR: 61-2, 6/3/25 - See last page for vote

SUBJECT: Health care coverage: health care provider credentials

SOURCE: Physician Association of California

DIGEST: This bill requires on or after January 1, 2028, a full service health plan, insurer, and their delegates to subscribe to and use the most recent version of the Council for Affordable Quality Health (CAQH) credentialing form, and to comply with the CAQH credentialing processes. Establishes timelines for plans, insurers, delegates and providers regarding the credentialing of health care providers.

ANALYSIS:

Existing law:

1) Establishes the Department of Managed Health Care (DMHC) to regulate health plans under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act); California Department of Insurance (CDI) to regulate health and other insurance; and, the Department of Health Care Services (DHCS) to

administer the Medi-Cal program. [Health and Safety Code [HSC] §1340, et seq., Insurance Code [INS] §106, et seq. and Welfare and Institutions Code [WIC] §14000, et seq.]

2) Permits a health plan to require a nonphysician provider to complete an appropriate credentialing process. [HSC §1366.4]

3) Establishes a 60-day timeframe for a health plan or insurer that provides coverage for mental health and substance use disorders to credential health care providers of those services for its networks. [HSC §1374.197 and INS §10144.56]

This bill:

1) Requires a health plan, health insurer, or their designee that credentials health care providers for its networks to make a determination regarding the credentials of a provider within 90 days after receiving a completed provider credentialing application, including all required third-party verifications, within one year after adoption of a regulation regarding the use of the credentialing form described in 3) below. Excludes mental health and substance use disorder providers who are subject to the 60-day timeline.

2) Requires the health plan, health insurer, or their delegate, upon receipt of the application by the credentialing department, to notify the applicant within 10 business days to verify receipt and inform the applicant whether the application is complete. Requires 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. Applies the 90-day timeline to only the credentialing process and not contracting completion. Requires the applicant's credentials to be provisionally approved for 120 days, if the health plan, insurer, or their designee does not meet the 90-day requirement, unless any of the following apply:

   a) The applicant is subject to discipline by the licensing entity for that applicant;
   b) The applicant has one or more adverse action reports or one or more reports of malpractice payments filed with the National Practitioner Data Bank; or,
   c) The applicant has not been credentialed in the past five years.

3) Requires on or after January 1, 2028, a full services health plan, insurer, or their delegates to subscribe to and use the most recent version of the Council for Affordable Quality Health (CAQH) credentialing form, and to comply with the CAQH credentialing processes.

4) Requires a full service health plan, insurer, or their delegates to only request additional information from a provider to clarify and confirm information that is provided on the CAQH credentialing form, including verification of information not specifically disclosed on the provider's application.

5) Requires the provider to respond to the request within 10 business days. Requires a health plan, insurer, or its delegate to minimize the number of requests for additional information from providers.

6) Requires a provider to submit their credentialing form and maintain their credentialing information in the CAQH database in a manner consistent with CAQH standards.

7) Exempts DHCS contracts under Medi-Cal from the requirements of this bill.

Background

Provider credentialing. Before a health plan or insurer can contract with a provider, the provider's education, training, certifications, experience, liability and malpractice history, and other information must be verified through a credentialing process, which may also recur every two to three years. A provider who wishes to contract with multiple health plans and insurers responds to multiple credentialing questionnaires and processes which may be very similar or in some cases there may be differences.

NCQA. The National Committee for Quality Assurance (NCQA) is a nonprofit organization that uses measurement, transparency and accountability to drive improvement in health care. In the early 1990's the organization started measuring and accrediting health plans using the Healthcare Effectiveness Data and Information Set. NCQA provider network accreditation standards assess an organization's performance in credentialing and recredentialing, specifically with protecting information, verifying credentials, ongoing monitoring of sanctions and complaints, and provider directory information. In addition, performance is assessed for maintaining adequate network, providing access to appointments and continuity and coordination. According to the NCQA, credentialing is more than a

"check-the-box" regulatory duty; it is an essential safety component of the health care system. Health care organizations must establish the qualifications of their licensed medical professionals by assessing their background and legitimacy to provide care. NCQA Credentialing Accreditation focuses on consumer protection and customer service improvement. It 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.

CAQH. CAQH was formed by health plans who came together nearly 25 years ago with the desire to make health care work better. CAQH has a unified data management platform to expedite the collection, verification and ongoing monitoring of provider data. According to CAQH, their verification process returns 95% of credentialing files within 8-14 days from the date of request, and, CAQH credentialing applications are accepted in all 50 states, even those with unique state forms.

Comments

According to the author of this bill:

> This bill is necessary to streamline the physician credentialing process, which is laden with delays, administrative hurdles, and a lack of transparency. As a representative from a semi-rural area, I know firsthand how impactful the provider shortage is on our rural and underserved communities. This bill seeks to reduce the administrative burden to ensure doctors can begin seeing patients in a more timely fashion.

Related/Prior Legislation

AB 2581 (Salas, Chapter 533, Statutes of 2022) required health plans and insurers that provide coverage for mental health and substance use disorders, and credentials health care providers of those services, to assess and verify the qualifications of providers within 60 days after receiving a completed provider credentialing application.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, unknown costs, likely minor, for the DMHC and the CDI for state administration.

SUPPORT: (Verified 8/29/25)

Physician Association of California (source)
America's Physician Groups
California Asian Chamber of Commerce
California Primary Care Association Advocates
Cambodian Family Community Center
Central Valley Latino Mayors and Elected Officials Coalition
Chinatown Service Center
Community Clinic Association of Los Angeles County
Health Industry Collaboration Effort, Inc.
Hispanic 100
Latin Business Association
Multicultural Business Alliance
National Action Network – Sacramento Chapter
Physician Association of California
Sacramento Asian Chamber of Commerce
Si Se Puede
Thai American Chamber of Commerce of California
Thai Community Development Center
The Fresno Center
Ten individuals

OPPOSITION: (Verified 8/29/25)

Association of California Life & Health Insurance Companies
California Association of Health Plans
California Medical Association

ARGUMENTS IN SUPPORT: According to the Physician Association of California (PAC), this bill's sponsor, streamlining the credentialing process is incredibly important for independent physicians, small group practices and the patients they service. PAC writes, "Our physicians spend an inordinate amount of time and effort dealing with bureaucratic processes with different insurance companies which force them to take time away from providing direct patient care. Often, the credentialing processes can take four to six months, and multiple information submissions, which further distracts physicians in delivering necessary care and expanding health care access to patients throughout the state. The current credentialing process issues include, but are not limited to lengthy timeframes, complexity and redundancy, and impact on access to care. The delays that result

from the current credentialing process cause physician shortages, as qualified physicians are unable to see patients while they await credentialing from a health plan or insurer. These delays are particularly impactful to underserved populations in rural and low-income areas."

ARGUMENTS IN OPPOSITION: The Association of Life and Health Insurance Companies and the California Association of Health Plans writes this bill's requirement to limit credentialing inquiries is problematic, and, restricting information requests in this manner could prevent health plans and insurers from gathering essential information needed to ensure patient safety and maintain compliance with broader regulatory requirements. The California Medical Association (CMA) writes this "one-size-fits-all" approach removes the ability of provider groups, along with health plans, to adopt credentialing processes that are tailored to their specific organizational structures, patient populations, and clinical specialties. CMA believes the diversity of provider types and practice models in California necessitates a more flexible system than what this bill allows.

ASSEMBLY FLOOR: 61-2, 6/3/25
AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Davies, DeMaio
NO VOTE RECORDED: Alanis, Castillo, Chen, Dixon, Ellis, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Lackey, Macedo, Sanchez, Ta, Tangipa, Valencia, Wallis

Prepared by: Teri Boughton / HEALTH / (916) 651-4111
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