

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 2457 (Connolly) – As Introduced February 20, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill extends application of existing provider credentialing requirements to Medi-Cal managed care (MCMC) plans.

Specifically, this bill:

- 1) Requires MCMC plans to use the most recent version of the Council for Affordable Quality Healthcare (CAQH) credentialing form and comply with the CAQH credentialing process.
- 2) Establishes credential application notification timelines for a provider applying for a credential from an MCMC plan or its delegate (collectively, “plan”) as follows:
 - a) A plan must make a determination regarding a provider’s credentials within 90 days after receiving a completed application, as specified.
 - b) A plan must notify an applicant within 10 days to verify receipt and completeness.
 - c) A plan must activate a provider upon approval and notify the applicant within 10 days of approval if approval occurs before the end of the 90-day timeline.
 - d) If the plan does not meet the 90-day timeline, the applicant’s credentials are conditionally approved for 120 days, except under specified circumstances.

FISCAL EFFECT:

The Department of Health Care Services (DHCS) states it would need two additional staff to support implementation and oversight of CAQH requirements and the 90-day credentialing requirement, and to monitor and validate the MCMC credentialing processes, at a cost of \$339,000 (50% General Fund [GF], 50% federal funds [FF]) for fiscal year (FY) 2027-28 and \$321,000 (50% GF, 50% FF) for FY 2028-29 and ongoing. DHCS also notes possible indeterminate administrative costs to MCMC plans, as well as a possible increase in capitated rates paid to MCMCs (GF, FF).

According to the County Behavioral Health Directors Association (CBHDA), county behavioral health agencies could incur costs of an unknown amount if the CAQH credentialing process requires significant change from current credentialing requirements, in which case, additional staff might be needed. In addition, CBHDA notes possible costs to use the CAQH provider data.

Costs to counties for this bill are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates (GF).

Minor and absorbable costs to the Department of Managed Health Care.

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in FY 2027-28 and ongoing.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by Physician Association of California. According to the author:

Every Californian deserves speedy access to high quality health care. This bill offers a solution to limited access to health care by requiring Medi-Cal Managed Care plans to adopt a streamlined credentialing form, thereby eliminating potential delays for both the provider and patient [and] help deliver vital health care to underserved Californians in rural and low-income areas.

- 2) **Background.** Provider credentialing is the process by which a health plan reviews documentation for a physician or provider to determine participation in a health plan's network. A plan may review the applicant's education, training, clinical privileges, experience, licensure, accreditation, certifications, professional liability insurance, malpractice history, professional competency, and physical and mental impairments. A provider who wishes to contract with multiple health plans and insurers responds to multiple credentialing questionnaires and processes which may be similar or different.

CAQH offers a unified data management platform to expedite the collection, verification, and ongoing monitoring of provider data. CAQH reports that more than 2.5 million providers and over 1,000 health care organizations use its credentialing platform, and the verification process returns 95% of credentialing files within 8 to 14 days from the date of request.

The author and sponsor of this bill argue that issues with the current credentialing process can exacerbate existing physician shortages, as qualified physicians are unable to see patients while they await credentialing approval. According to the California Future of Health Workforce Commission, seven million Californians – the majority of whom are Latino, African American, and Native American – live in counties experiencing shortfalls of primary care, dental care, or mental health care providers.

- 3) **Prior Legislation.** AB 1041 (Bennett), Chapter 630, Statutes of 2025, required state-regulated commercial plans, excluding MCMC plans, to adopt the CAQH credentialing form and process by January 1, 2028. This bill extends that requirement to MCMC plans.

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