

The Difference between Contracting and Credentialing

Credentialing is the process of organizing and verifying a provider's professional records. Their NPI, CAQH, professional licenses, diploma's, certifications, attestations and professional references are their credentialing documents. The process of credentialing is to verify the accuracy and specific data in a provider's documents.

The Affordable Care Act increased credentials verification requirements for Medicare and Medicaid enrollment in an effort to reduce Fraud and Abuse. Insurance plans must meet increased credentialing requirements including periodic re-credentialing and attestation.

Payers have a legal responsibility to verify a provider's identity, education, work experience, malpractice history, professional sanctions and license verifications to protect patients from unqualified providers.

Contracting is the process of applying for and setting-up an agreement/contract with an insurance company to become in-network. The agreement/contract establishes and includes reimbursement rates, services covered, and payer and provider obligations.

Contracting and credentialing is a completely separate process. Both processes must be successfully completed before an organization/provider is in-network with the payer. Payers will notify an organization with the date their contract is effective. If services are provided to a patient prior to the effective date of the contract the claim will be processed as out-of-network. Providers should receive notification from the payer once their credentialing has been completed and approved.