Board Credentialing Oversight: Safeguarding the Foundation of Quality

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The governing board of every healthcare organization has a fiduciary duty to provide the patients it serves with safe and competent care. One of the strongest mechanisms for assuring quality is rigorous credentialing of the practitioners who will provide care in the institution.

It is the board’s responsibility to grant membership and privileges of practitioners on the staff and it must hold members of management and the medical staff accountable for carefully assessing the credentials of applicants. This work has become more challenging and more consequential in recent years. When credentialing is not done rigorously the results can be harm to patients by an unqualified practitioner, a subsequent negligent credentialing lawsuit against the hospital, financial harm to the institution through assessed damages and rising liability premiums, damage to the hospital’s reputation in the community, problems with accreditation status, and possible legal actions by the government.

Traditional credentialing is the overall method by which a hospital gathers, investigates and assesses the professional qualifications of an individual who applies for medical staff appointment. It also includes the review of these qualifications and the determination of what privileges that practitioner will be permitted to exercise at the facility.

There are four basic steps that comprise the credentialing process. The first is to establish clear policies and procedures to guide everyone involved in credentialing activities. The creation and approval of these policies is a responsibility jointly shared by the medical staff, management, and the board. This is an important and politically sensitive step since such policies will include the criteria for membership and privileges. For example, the astute medical staff and board will address in these policies: mechanisms to deal with contentious “turf disputes” between specialties; how permission to use new technologies will be granted; and whether privileges will be granted to those who rarely do work at the hospital.

The second step is the collection and verification of all required information on an applicant. This information typically includes the applicant’s education, training, experience, certification, licensure, and historical performance data. This part of the process is carried out by management—typically credentialing personnel in the medical staff office. If done poorly, the remaining steps are undermined and liability and/or accreditation sanctions can follow.
The third step is the **evaluation of the information by the medical staff, which makes a recommendation to the board.** To perform this step in a more than perfunctory manner, medical staff participants in the credentialing process should be carefully educated in best credentialing practices.

The final step is the board's review of the recommendation and its action to grant, deny, or restrict the membership and specific privileges being sought. While the board is directly involved in the first and last steps, it has oversight over the entire process and must assure that all steps are carried out diligently.

**A Key Component of Quality Oversight**

Credentialing became a much more complex and detailed activity in the last decades of the twentieth century. During this time period the legal system placed hospitals on notice that each had a direct responsibility to ensure that physicians permitted to practice at the facility were adequately qualified. Today the courts are filled with lawsuits claiming hospital negligence in the appointment and retention of physicians. Where good policies have been implemented, formal procedures adhered to, and thorough and unbiased evaluations of applications performed, these lawsuits rarely make headway. When policies are outdated, ignored, or bypassed, or where credentialing steps are performed sloppily, the damages resulting from a successful lawsuit can reach into many millions of dollars. The plaintiffs can be injured patients treated by an incompetent doctor, an outraged physician improperly denied privileges, or even the government when it finds it has been paying for care delivered by an unqualified practitioner.

Credentialing is a highly structured activity in most institutions as a result of accreditation standards that have been growing increasingly complex. Year after year, noncompliance with credentialing standards continues to be a top-rated violation identified in surveys by JCAHO.

Board members should regularly inquire how the growing challenges of credentialing are being addressed at their institution. Examples of questions that might be pursued include:

- Does our institution have clear criteria for each privilege granted?
- Will our hospital require “continuous maintenance of board certification” as this trend continues to take hold?
- How do we assess the competence of physicians who want to practice new techniques and bring the latest technology to our institution?
- Should our credentialing policies address the concerns raised by an increasingly aging physician workforce?
- What data will we require of physicians so we can evaluate their competence when most of their clinical activity is outside the walls of our hospital?
- Should we continue to offer medical staff membership to physicians who practice exclusively outpatient medicine?

**Key Steps**

The conscientious board can take several steps to assure that robust credentialing is the norm at its hospital:
• Medical staff and board members should receive periodic education on the latest best practices in credentialing and privileging. Make sure these are formal recurring activities so that new participants in the process are adequately oriented and everyone else kept current.
• Periodically, the board should request an external or internal audit of the hospital's credentialing and privileging activities. An audit can provide the board confidence that no corners are being cut, contemporary policies are in place, there are no deviations from required standards, and that best practices are the norm. Such an approach is much more cost effective than finding out through a lawsuit that inadequacies exist.
• Finally, as part of its annual self-assessment, the board should ask its members whether they believe they are sufficiently informed regarding credentialing, whether they have observed political or economic concessions compromising quality in the granting of privileges, and whether they have a high degree of confidence in the competence of every member of the medical staff. In 1962, Kenneth Babcock, M.D., who was director of JCAHO at that time, noted: "There is no more controversial question in medical practice than who may be granted hospital privileges and to what extent." Almost 45 years later this statement still rings true. For credentialing, as with so many of the challenges facing hospitals today, the buck stops with the hospital board.