



NOV 22 2004

**TO:** Charles W. Grim, D.D.S., M.H.S.A.  
Director  
Indian Health Service

**FROM:** *David M. Long*  
Joseph E. Vengrin  
Deputy Inspector General for Audit Services

**SUBJECT:** Credentialing and Privileging Practices at Gallup Indian Medical Center  
(A-06-04-00024)

The attached final report provides the results of our audit entitled "Credentialing and Privileging Practices at Gallup Indian Medical Center." At the request of the Indian Health Service (IHS), we reviewed the credentialing and privileging practices at eight IHS-funded hospitals. In February 2004, the Inspector General alerted you to problems with credentialing and privileging at several of these hospitals, including the Gallup Indian Medical Center in Gallup, NM (Gallup Hospital).

The objective of our audit was to determine whether Gallup Hospital had completed the credentialing, privileging, and personnel suitability reviews for its medical practitioners.

Gallup Hospital did not routinely complete required credentialing, privileging, or personnel suitability reviews for its practitioners. The credentialing and privileging reviews are generally required by industry-wide standards and specifically by IHS Circular 95-16, and the Indian Child Protection and Family Violence Prevention Act (Public Law 101-630 § 408) requires background investigations.

For the 52 practitioners we reviewed, Gallup Hospital did not:

- verify the credentials for 26, or 50 percent, to determine their current competence;
- ensure that 14, or 27 percent, had current privileges, with lapsed periods ranging from 6 days to 6 months; or
- request the Office of Personnel Management (OPM) to perform a background investigation of 23, or 44 percent.

Gallup Hospital's management had not ensured that the credentialing, privileging, and personnel suitability review processes received the necessary level of priority in terms of management attention and availability of resources such as a computerized credentialing system. As a result, the hospital's management could not assert its full assurance that its

practitioners had the appropriate qualifications, authorizations, and personnel history to provide patient care.

We recommend that IHS ensure that Gallup Hospital's management establishes a system to routinely perform credentialing, privileging, and suitability reviews. The hospital should:

1. assign staff to perform the credentialing and privileging processes before the practitioners provide patient care,
2. fully implement the computerized credentialing system to track and monitor the status of its practitioners, and
3. initiate the required OPM background investigations for its practitioners.

In its written comments, IHS stated that all recommended corrective actions had been taken. The IHS comments are included as an appendix to the report.

If you have any questions or comments about this report, please do not hesitate to call me, or have your staff call Peter J. Koenig, Acting Assistant Inspector General for Grants and Internal Activities, at (202) 619-3191, or e-mail him at [Peter.Koenig@oig.hhs.gov](mailto:Peter.Koenig@oig.hhs.gov). Please refer to report number A-06-04-00024 in all correspondence.

Attachment

cc: Jeanelle Raybon  
Director, Program Integrity and Ethics  
Indian Health Service

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**CREDENTIALING AND PRIVILEGING  
PRACTICES AT GALLUP INDIAN  
HOSPITAL**



**NOVEMBER 2004  
A-06-04-00024**

# *Office of Inspector General*

<http://oig.hhs.gov>

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The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



## **EXECUTIVE SUMMARY**

### **BACKGROUND**

The Indian Health Service (IHS), an agency within the Department of Health and Human Services, is the principal Federal health care provider and health advocate for 1.6 million American Indians and Alaska Natives. This report addresses credentialing, privileging, and other personnel suitability issues at the Gallup Indian Medical Center (Gallup Hospital), located in Gallup, NM. Gallup Hospital is one of eight hospitals that we reviewed at IHS's request following media reports in 2002 questioning medical staff appointments made by IHS-funded facilities.

Gallup Hospital uses a process to screen and verify applicants for medical staff membership that is known in the medical community as credentialing and privileging. The Joint Commission on Accreditation of Healthcare Organizations (Joint Commission), which has accredited all IHS-operated hospitals, provides standards for and evaluates the adequacy of credentialing and privileging processes. Credentialing consists of verifying education, training, and license documents and contacting recent employers to determine an applicant's qualifications, competence, and skills. Privileging identifies the scope of a practitioner's expertise and what the individual will be authorized to do at a facility. Failure to meet the Joint Commission standards in these areas could jeopardize a hospital's accreditation.

The Indian Child Protection and Family Violence Prevention Act of 1990 requires federally funded Indian organizations to meet requirements that are intended to protect Indian children from abuse. The act requires background investigations on all employees and contractors having contact with Indian children. IHS has an interagency agreement with the Federal Government's Office of Personnel Management (OPM) to perform the background investigations.

### **OBJECTIVE**

The objective of our audit was to determine whether Gallup Hospital had completed the credentialing, privileging, and personnel suitability reviews for its medical practitioners.

### **SUMMARY OF FINDINGS**

Gallup Hospital did not routinely complete required credentialing, privileging, or personnel suitability reviews for its practitioners. The credentialing and privileging reviews are generally required by industry-wide standards and specifically by IHS Circular 95-16; the Indian Child Protection and Family Violence Prevention Act (Public Law 101-630 § 408) requires background investigations.

For the 52 practitioners we reviewed, the hospital did not:

- verify the credentials for 26, or 50 percent, to determine their current competence;

- ensure that 14, or 27 percent, had current privileges, with lapsed periods ranging from 6 days to 6 months; or
- request OPM to perform a background investigation of 23, or 44 percent.

Gallup Hospital's management had not ensured that the credentialing, privileging, and personnel suitability review processes received the necessary level of priority in terms of management attention and other resources. As a result, the hospital's management could not assert its full assurance that its practitioners had the appropriate qualifications, authorizations, and personnel history to provide patient care.

## **RECOMMENDATIONS**

We recommend that IHS ensure that Gallup Hospital's management establishes a system to routinely perform credentialing, privileging, and suitability reviews. The hospital should:

1. assign staff to perform the credentialing and privileging processes before the practitioners provide patient care,
2. fully implement the computerized credentialing system to track and monitor the status of its practitioners, and
3. initiate the required OPM background investigations for its practitioners.

## **AGENCY COMMENTS**

In its written response to our draft report, IHS stated that all recommended corrective actions had been taken. The complete text of the IHS response is included in the appendix.

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## **INTRODUCTION**

### **BACKGROUND**

#### **IHS Request for Office of Inspector General To Examine Credentialing and Privileging**

Following negative media reports in 2002 about the quality of medical practitioners at Indian hospitals, IHS requested the Office of Inspector General to review the adequacy of credentialing and privileging practices at IHS-funded hospitals.

#### **IHS Provision of Health Care**

Through its network of 49 hospitals and other smaller facilities, IHS funds health care for more than 1.6 million Native Americans and Alaska Natives. These facilities are managed and operated directly by IHS or by tribes under self-governance agreements with IHS.

Gallup Hospital, which IHS directly operates, is located in Gallup, NM. It has the largest staff of all Navajo Area IHS facilities, and its workload is one of the largest in IHS, with 250,000 outpatient encounters and 5,800 inpatient admissions annually. The hospital provides a wide range of services, including family medicine, emergency care, internal medicine, general surgery, obstetrics and gynecology, and dental care.

#### **The Credentialing and Privileging Process**

In the health care field, credentialing and privileging are two components of a broader quality assurance and risk management process that all facilities undertake to ensure high-quality care. During credentialing, hospital management evaluates and verifies the training and experience of practitioners to determine their current competence and skills. During privileging, hospital management determines whether a practitioner is qualified to perform specific medical functions at a particular facility. A wide range of practitioners are typically subjected to this process, including physicians, physician assistants, nurses, and dentists.

#### **Joint Commission on Accreditation of Healthcare Organizations**

All IHS hospitals, including Gallup Hospital, have earned Joint Commission accreditation. IHS Circular No. 97-01 requires all IHS health care facilities to be accredited and considers the Joint Commission to be the most broadly recognized accrediting body in health care. To earn and maintain Joint Commission accreditation, an organization must undergo an onsite survey every 3 years. During the onsite survey, the Joint Commission assesses compliance with standards that it has developed for a wide range of health care operations, including those for credentialing and privileging. Failure to demonstrate satisfactory compliance with Joint Commission standards could result in accreditation denial, thereby potentially disqualifying a hospital from participating in and

receiving payment from the Medicare and Medicaid programs. Gallup Hospital received renewed Joint Commission accreditation in May 2001.

## **Background Investigations for Minimum Suitability Requirements**

The Indian Child Protection and Family Violence Prevention Act requires that all IHS employees and contractors with potential direct or unobserved contact with children be checked for any history of criminal acts against children. Congress established the act, in part, after finding that (1) persons employed or funded by the Federal Government had perpetrated multiple incidents of crimes against children on Indian reservations and (2) Federal Government background investigations of Federal employees who care for or teach Indian children were often deficient.

All Federal employees are required to meet minimum suitability requirements to be eligible for Federal employment. Eligibility is dependent upon the results of a background investigation conducted by OPM through an interagency agreement, which includes a search of the FBI fingerprint files and, for IHS employees, any history of criminal acts against children.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The objective of our audit was to determine whether Gallup Hospital had completed the credentialing, privileging, and personnel suitability reviews for its medical practitioners.

### **Scope**

We selected Gallup Hospital for review because it is one of the largest IHS hospitals in the United States and has the largest staff of all Navajo Area IHS facilities. We also selected Gallup Hospital based on the number of malpractice lawsuits at that hospital in comparison with other Navajo Area IHS hospitals.

To accomplish our objective, we selected 52 practitioners for review to ensure a representative selection of health disciplines. We made our selections from practitioners who provided patient care during the period January 2000 through December 2002. At the time of our review, Gallup Hospital had 296 practitioners who had provided patient care during the past 3 years (2000 through 2002). We performed our audit work at the Gallup Hospital in Gallup, NM.

### **Methodology**

To perform our audit, we:

- interviewed Gallup Hospital management officials;

- reviewed practitioner files to determine whether Gallup Hospital (1) verified credentials and granted privileges to practitioners in accordance with Joint Commission standards and IHS requirements and (2) initiated the process to have OPM investigate practitioners' backgrounds; and
- issued a draft report to IHS on September 14, 2004.

We conducted our audit in accordance with generally accepted government auditing standards.

## **FINDINGS AND RECOMMENDATIONS**

### **CREDENTIALING, PRIVILEGING, AND PERSONNEL SUITABILITY REVIEWS FOR PRACTITIONERS**

Gallup Hospital did not routinely complete required credentialing, privileging, or personnel suitability reviews for its practitioners. The credentialing and privileging reviews are generally required by industry-wide standards and specifically by IHS Circular 95-16, and the Indian Child Protection and Family Violence Prevention Act (Public Law 101-630 § 408) requires background investigations.

For the 52 practitioners we reviewed, the hospital did not:

- verify the credentials for 26, or 50 percent, to determine their current competence;
- ensure that 14, or 27 percent, had current privileges, with lapsed periods ranging from 6 days to 6 months; or
- request OPM to perform a background investigation of 23, or 44 percent.

Gallup Hospital's management had not ensured that the credentialing, privileging, and personnel suitability review processes received the necessary level of priority in terms of management attention and other resources. As a result, the hospital's management could not assert its full assurance that its practitioners had the appropriate qualifications, authorizations, and personnel history to provide patient care.

### **Requirements for Credentialing, Privilege Granting, and Personnel Suitability Reviews**

Consistent with Joint Commission standards, IHS Circular 95-16 requires hospital management to follow a standardized process for a credentials review and the granting of clinical privileges. In addition, IHS is required by Federal law and regulations to obtain personnel suitability reviews through background investigations of its employees.

## Credentialing and Privileging

IHS Circular Appendix 95-16-A requires agency-operated hospitals such as Gallup Hospital to have a credentialing and privileging process that is separate and distinct from the employment process and to complete the process before medical staff members provide patient care.

For credentialing, IHS Circular 95-16, Section 4, requires that “all individuals, who are eligible for membership on the medical staff, must have a documented, current review of their medical staff credentials. This includes individuals who provide direct, independent, and unsupervised patient care services in IHS facilities . . . .”

During the course of a credentials review, an agency-operated hospital may verify a practitioner’s information by utilizing a variety of sources. The hospital is also responsible for ensuring that a practitioner’s credentials are reassessed and recertified on a regular basis. As part of this reassessment, the practitioner may be required to provide documentation. To illustrate:

- The status of all licenses should be verified. Licensure may be verified by obtaining a letter or computer printout from the appropriate State licensing board. The telephone or the Internet may also be utilized for licensure verification as long as the verification is documented.
- All practitioners with delineated clinical privileges must participate in continuing education, and their participation must be documented. For reappointments, IHS requires practitioners to provide evidence of continuing professional education obtained outside the IHS facility, and the facility is required to ensure that practitioners have documentation of their participation in continuing education activities. In addition, to fulfill part of Gallup Hospital’s requirements for appointment to the medical/dental staff, hospital bylaws require the credentials file to contain up-to-date continuing medical education documentation. At the time of our review, Gallup Hospital required practitioners to obtain 75 hours of continuing medical education every 3 years.

For privileging, IHS Circular 95-16, Section 5(D), states that “clinical privileges are granted after careful review and consideration of an applicant’s credentials . . . [and] . . . must reflect the training, experience, and qualifications of the applicant as they relate to the staffing, facilities, and capabilities of the [medical facility].”

IHS’s credentialing and privileging process, as outlined in IHS Circular Appendix 95-16-A, consists of the following steps:

- Step 1. A practitioner completes applications for medical staff membership and clinical privileges. (The practitioner must sign and date both applications.)

- Step 2. After the applications are returned to the medical facility, an appropriate person, such as the credentialing coordinator, reviews them for completeness and verifies the credentialing information.
- Step 3. The clinical director at the medical facility reviews both applications for completeness and determines whether the applicant has requested privileges that the facility can support or requires.
- Step 4. The clinical director reviews the applications and any additional information with the medical staff executive committee. This committee recommends the applications for medical staff membership to be accepted or rejected and determines which of the requested clinical privileges should be granted.
- Step 5. The service unit director at the medical facility reviews the appropriateness of the recommendations from the medical staff executive committee and sends the recommendations to the governing body of the service unit.
- Step 6. The governing body reviews the applications and grants or denies the staff membership and/or privileges in writing. (Acceptance at Gallup Hospital is signified by the signature and date of the governing body representative.)

IHS Circular Appendix 95-16-A requires the credentialing and privileging process to be completed before a practitioner's entry on duty. However, a medical facility may grant temporary privileges to a new practitioner while he/she is undergoing the credentialing process. Temporary privileges allow practitioners to provide patient care at a medical facility while their credentials and privileges are verified and approved. However, according to the Joint Commission, temporary privileges may not be granted to (1) practitioners undergoing reappointment unless an important patient care need is documented and (2) new practitioners undergoing initial appointment who do not have primary-source verification of current licensure and competence.

### **Personnel Suitability Reviews Through Background Investigations**

A number of Federal laws and regulations require a review of an applicant's suitability for employment, and IHS must also ensure that its employees and contractors meet the requirements of a law protecting Indian children from abuse. The Indian Health Manual (health manual) contains the agency's policies and instructions for obtaining background investigations.

The Federal employment regulation for the suitability of administrative personnel (5 CFR § 731) requires that all Federal employees meet minimum suitability requirements to be eligible for Federal employment. Eligibility is dependent upon the results of a background investigation that includes searches of the FBI identification fingerprint files and records covering specific areas of a person's background covering a 5-year period.

In addition, the Indian Child Protection and Family Violence Prevention Act (Public Law 101-630 § 408) requires that all IHS employees and contractors with potential direct or unobserved contact with children be investigated for any history of criminal acts against children.

Sections 5-22.4H and 5-22.4I of the health manual discuss the processes that IHS uses to obtain minimum suitability reviews through background investigations. These investigations, required by Executive Order 10577, are to be conducted by OPM and, according to Gallup Hospital officials, could take 5 months or longer to complete. Recognizing the length of time involved with the background investigations, the health manual advises that practitioners may be hired on a provisional basis prior to the completion of their background investigations. To ensure that OPM reviews begin as soon as possible, the health manual instructs the hospital to provide the required OPM forms to the applicant with the requirement that the forms be completed and ready to submit to the hospital's personnel office either before or on the practitioner's first day of duty. The health manual further advises the hospital to ensure that the required investigations are initiated by providing the forms to OPM within 14 days of a practitioner's appointment.

### **Inadequate Credentialing, Privileging, and Personnel Suitability Reviews for Practitioners**

Gallup Hospital did not routinely complete required credentialing, privileging, or personnel suitability reviews for its practitioners. For the 52 practitioners we reviewed, we found at least 1 lapse in credentialing, privileging, or suitability reviews for 43, or 83 percent. Many of the 43 practitioners had problems in 2 or more of the areas reviewed. For the 52 practitioners, Gallup Hospital did not:

- verify the credentials for 26, or 50 percent, to determine their current competence;
- ensure that 14, or 27 percent, had current privileges, with lapsed periods ranging from 6 days to 6 months; or
- request OPM to perform a background investigation of 23, or 44 percent.

### **Credentialing**

For the 52 practitioners reviewed, Gallup Hospital did not verify the credentials for 26, or 50 percent, to determine their current competence, as follows:

- Nineteen practitioners did not have sufficient documentation to demonstrate that they had met minimum continuing medical education requirements in accordance with Gallup Hospital's rules and regulations. Of the 19, 10 did not have any documented evidence of continuing medical education in their credentialing file.

- Seven practitioners did not have all of their State medical licenses verified prior to providing patient care, as required by IHS Circular Appendix 95-16-A. Hospital officials did verify at least one State license as active and unrestricted for each of these seven practitioners. We checked the status of the licenses that were not verified by Gallup Hospital officials against State licensure board Internet sites and did not identify any restrictions or adverse actions.

### **Privileging**

Of the 52 practitioners reviewed, 14, or 27 percent, provided patient care without privileges for periods ranging from 6 days to 6 months. Of the 14 practitioners, 7 provided patient care without privileges for longer than a month, and the hospital granted temporary privileges to 5 practitioners even though there was no evidence to suggest that there was an important patient care need, as required by the Joint Commission.

### **Background Investigations**

Gallup Hospital did not have information indicating that it initiated a background investigation for 23, or 44 percent, of the 52 practitioners reviewed. The 23 practitioners worked for periods ranging from 6 days up to 1 year and 1 month without a background investigation initiated. All 23 of the practitioners were contractors, and they completed their contract periods without ever having a background investigation initiated. The remaining 29 of 52 practitioners reviewed received successful background investigations or had an investigation in process as of the end of our fieldwork.

### **Lack of a System To Ensure That Credentialing, Privileging, and Suitability Reviews Were Performed**

Gallup Hospital management had not established a system to ensure that practitioners' credentialing and privileging reviews were completed and that suitability reviews were initiated. The hospital had not provided the attention or other resources necessary to ensure a comprehensive credentialing, privileging, and suitability review program. The absence of controls contributed to the number of practitioners providing patient care without full credential reviews performed, current privileges granted, and suitability reviews initiated. Specifically:

- The hospital did not have a process to ensure that medical staff membership and privileging applications were routinely reviewed and approved in a timely manner by the hospital's medical executive committee with the hospital's governing body providing final approval. The hospital's management was ultimately responsible for not providing the attention necessary to ensure that its practitioners were appropriately credentialed and privileged.

Subsequent to our fieldwork, however, hospital officials advised us that they had ordered a new computerized tracking system specifically developed for the credentialing and privileging processes. The officials indicated that the hospital had implemented a credentialing process in which all practitioners, regardless of

whether they are permanent employees or contractors, must be screened. This includes a formal presentation of the practitioners to the hospital's medical executive committee, giving all applicants a full 2-year appointment.

- The hospital did not enforce a policy requiring contractors to undergo background investigations, nor did it ensure that practitioners promptly submitted required background investigation forms to the hospital's personnel management department and that the forms were forwarded to OPM for the suitability review. According to a hospital official, the personnel management department assumed the responsibilities of initiating background investigations for contract practitioners effective July 1, 2002; however, hospital officials were unable to identify who was responsible prior to that time.

### **Insufficient Assurance That Practitioners Had the Appropriate Qualifications, Authorizations, or Personnel History To Provide Patient Care**

By not completing assessments of practitioners' qualifications, competency, and suitability to provide patient care, Gallup Hospital's management was not fully assured that its practitioners met standards necessary to provide patient care. Although we did not identify evidence to suggest that any of the hospital's practitioners were not qualified or suitable for Federal employment, we are concerned that an IHS-funded hospital with weak controls for credentialing, privileging, and background investigations may not be able to sufficiently contribute to the IHS mission of elevating the health status of American Indians and Alaska Natives.

### **RECOMMENDATIONS**

We recommend that IHS ensure that Gallup Hospital's management establishes a system to routinely perform credentialing, privileging, and suitability reviews. The hospital should:

1. assign staff to perform the credentialing and privileging processes before the practitioners provide patient care,
2. fully implement the computerized credentialing system to track and monitor the status of its practitioners, and
3. initiate the required OPM background investigations for its practitioners.

### **AGENCY COMMENTS**

In its November 3, 2004, written response to our draft report, IHS stated that it had taken all recommended corrective actions for Gallup Hospital by:

1. increasing the number of full-time equivalent staff to adequately provide for the credentialing and privileging process workload,

2. implementing a proprietary computerized credentialing system in November 2003 and entering provider data on a continuous basis, and
3. initiating OPM background investigations on or before a practitioner's first day of duty, pursuant to IHS guidelines.

The complete text of IHS's response is included in the appendix.

# **APPENDIX**



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Indian Health Service  
Rockville MD 20852

NOV - 3 2004

TO: Inspector General

FROM: Director

SUBJECT: Response to Draft Office of Inspector General Report [No. A-06-04-00024],  
"Credentialing and Privileging Practices at Gallup Indian Medical Center,"  
Issued September 14, 2004

The Indian Health Service (IHS) has reviewed the Office of Inspector General (OIG) draft audit report, "Credentialing and Privileging Practices at Gallup Indian Medical Center (GIMC)," and has determined that all recommended corrective actions have been taken. The standards established by the Joint Commission on Accreditation on Healthcare Organizations were changed in 2001 to allow delegation of the credentialing and privileging function to a subcommittee composed of GIMC management officials. This delegation by the Navajo Governing Body has resulted in a more timely credentialing and privileging process. The following are specific responses to each recommendation, including corrective actions that have been implemented and/or completed.

*OIG Recommendation: "Assign staff to perform the credentialing and privileging processes before the practitioners provide patient care."*

IHS Response: The number of Full-Time Equivalent staff has been increased from .75 to 2.5 to adequately provide for the credentialing and privileging process. A full-time credentials coordinator is now on board and is assisted by three part-time individuals. The GIMC Medical Staff Credentialing Committee, the Service Unit Director, and the Chief of Staff meet twice a month to perform credentialing and privileging functions. As of October 2004, GIMC is 100 percent current with processing and approving medical staff credentials and privileges.

*OIG Recommendation: "Fully implement the computerized credentialing system to track and monitor the status of its practitioners."*

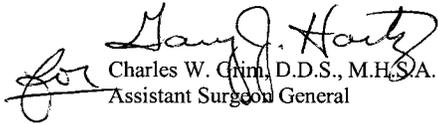
IHS Response: The GIMC changed over to a proprietary system in November 2003 and is now entering data on a continuing basis. All provider data are now in place, with verification of the data an ongoing responsibility of the credentialing staff.

*OIG Recommendation: "Initiate the required Office of Personnel Management background investigations for its practitioners."*

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IHS Response: The deficiency identified by the OIG related only to contract physicians. That has now been corrected, and all Office of Personnel Management background investigations are initiated on or before the first day of duty, pursuant to IHS guidelines. All credentialing requirements including National Practitioner Data Bank queries, all medical license verifications, all personal reference checks, and verification of all professional education and training are now completed prior to the granting of provider privileges. Providers are not allowed to provide care without approved privileges.

If you have any questions concerning this response, please contact Mr. Les Thomas, Management Analyst, IHS Management Policy and Internal Control Staff, at (301) 443-2650.

  
for Charles W. Grim, D.D.S., M.H.S.A.  
Assistant Surgeon General