



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 Clinton Indian Hospital  
(A-06-04-00038)

The attached final report provides the results of our audit entitled "Credentialing and Privileging Practices at Clinton Indian Hospital." 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 Office of Inspector General alerted you to problems with credentialing and privileging at several of these hospitals, including the Clinton Indian Hospital in Clinton, OK (Clinton Hospital).

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

Clinton Hospital did not routinely complete required credentialing and privileging reviews for its practitioners. The credentialing and privileging reviews are generally required by industry-wide standards and specifically by IHS Circular 95-16.

For the 23 practitioners we reviewed, the hospital did not:

- verify the credentials for 7, or 30 percent, to determine their current competence; or
- ensure that 17, or 74 percent, had current privileges, with lapsed periods ranging from 2 days to 34 months.

Clinton Hospital's management had not ensured that the credentialing and privileging 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 and authorizations to provide patient care.

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

1. establish controls to complete credentialing and privileging reviews in a timely manner, such as a computerized credentialing system to track and monitor the status of its practitioners, and
2. assign staff exclusively to perform the credentialing and privileging processes before the practitioners provide patient care.

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-06-04-00038 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 CLINTON INDIAN  
HOSPITAL**



**NOVEMBER 2004  
A-06-04-00038**

# *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 and privileging issues at the Clinton Indian Hospital (Clinton Hospital), located in Clinton, OK. Clinton 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.

Clinton 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.

### **OBJECTIVE**

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

### **SUMMARY OF FINDINGS**

Clinton Hospital did not routinely complete required credentialing and privileging reviews for its practitioners. The credentialing and privileging reviews are generally required by industry-wide standards and specifically by IHS Circular 95-16.

For the 23 practitioners we reviewed, the hospital did not:

- verify the credentials for 7, or 30 percent, to determine their current competence; or
- ensure that 17, or 74 percent, had current privileges, with lapsed periods ranging from 2 days to 34 months.

Clinton Hospital's management had not ensured that the credentialing and privileging 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 and authorizations to provide patient care.

## **RECOMMENDATIONS**

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

1. establish controls to complete credentialing and privileging reviews in a timely manner, such as a computerized credentialing system to track and monitor the status of its practitioners, and
2. assign staff exclusively to perform the credentialing and privileging processes before the practitioners provide patient care.

## **AGENCY COMMENTS**

In a written response to our draft report, IHS stated that all recommended corrective actions had been taken. The complete text of IHS's 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.

Clinton Hospital, which IHS directly operates, is located in Clinton, OK. It logs about 30,000 outpatient visits and 600 admissions annually and covers the entire northwest area of Oklahoma, serving approximately 7,000 Native Americans, most of whom are Cheyenne and Arapaho. The hospital provides a wide range of services, including general medical care, pediatrics, orthopedics, dental care, and ophthalmology.

#### **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 Clinton 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. Clinton Hospital received renewed Joint Commission accreditation in November 2002.

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

### **Objective**

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

### **Scope**

We selected Clinton Hospital for review because it is one of only two IHS-operated hospitals still under the Oklahoma City Area Governing Board's approval authority for credentialing. We also selected Clinton Hospital based on the results of its Joint Commission survey review done in November 1999.

To accomplish our objective, we selected 23 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, Clinton Hospital had 35 practitioners who had provided patient care during the past 3 years (2000 through 2002). We performed our audit work at the Clinton Hospital in Clinton, OK.

### **Methodology**

To perform our audit, we:

- interviewed Clinton Hospital management officials;
- reviewed practitioner files to determine whether the hospital verified credentials and granted privileges to practitioners in accordance with Joint Commission standards and IHS requirements; 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 AND PRIVILEGING REVIEWS FOR PRACTITIONERS**

Clinton Hospital did not routinely complete required credentialing and privileging reviews for its practitioners. The credentialing and privileging reviews are generally

required by industry-wide standards and specifically by IHS Circular 95-16. For the 23 practitioners we reviewed, the hospital did not:

- verify the credentials for 7, or 30 percent, to determine their current competence; or
- ensure that 17, or 74 percent, had current privileges, with lapsed periods ranging from 2 days to 34 months.

Clinton Hospital's management had not ensured that the credentialing and privileging 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 and authorizations to provide patient care.

### **Requirements for Credentialing and Privilege Granting**

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. IHS Circular Appendix 95-16-A requires agency-operated hospitals such as Clinton 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 provider's credentials are reassessed and recertified on a regular basis. To illustrate:

- License verification should be done at initial appointment or reappointment, and 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 Clinton Hospital's requirements for

reappointment to the medical staff, hospital bylaws require practitioners to complete no less than 15 hours of continuing medical education (CME) during each year of employment.

- The hospital must query the National Practitioner Data Bank (NPDB) at initial appointment and at least every 2 years thereafter for information on practitioners under the Health Care Quality Improvement Act of 1986. The query will identify any medical malpractice payments, licensure disciplinary actions, and other adverse actions reported to the NPDB concerning the practitioner.

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 board of the service unit.
- Step 6. The governing board reviews the applications and grants or denies the staff membership and/or privileges in writing. (Acceptance at Clinton Hospital is signified by the signature and date of the governing board 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. Clinton Hospital's bylaws allow practitioners to be granted temporary privileges for up to 90 days. 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.

### **Inadequate Credentialing and Privileging Reviews for Practitioners**

Clinton Hospital did not routinely complete required credentialing and privileging reviews for its practitioners. For the 23 practitioners we reviewed, we found at least 1 lapse in credentialing or privileging reviews for 17, or 74 percent. Many of the 17 practitioners had problems in both areas reviewed. For the 23 practitioners, Clinton Hospital did not:

- verify the credentials for 7, or 30 percent, to determine their current competence; or
- ensure that 17, or 74 percent, had current privileges, with lapsed periods ranging from 2 days to 34 months.

#### **Credentialing**

For the 23 practitioners reviewed, Clinton Hospital did not verify the credentials for 7, or 30 percent, to determine their current competence. Of the seven with credentialing review lapses, one had lapses in more than one credentialing area. The lapses were as follows:

- Three practitioners did not have a medical license verified prior to providing patient care as required by IHS Circular Appendix 95-16-A. Two of the three practitioners had a medical license that was not verified at all by hospital officials, while the other practitioner provided patient care for more than a year before the medical license was verified. We checked the status of the licenses that were not verified by Clinton Hospital officials against State licensure board Internet sites and did not identify any restrictions or adverse actions.
- Three practitioners did not have sufficient CME documentation to support that they had met minimum CME requirements in accordance with Clinton Hospital's bylaws.
- Two practitioners did not have the NPDB queried by Clinton Hospital officials every 2 years after their initial appointment as required by the Health Care Quality Improvement Act of 1986.

## **Privileging**

Of the 23 practitioners reviewed, 17, or 74 percent, provided patient care without privileges for periods ranging from 2 days to 34 months. Of the 17 practitioners, 10 provided patient care without privileges for 6 months or longer, and the hospital granted temporary privileges to 4 practitioners even though (1) there was no evidence to suggest that there was an important patient care need and (2) the hospital had not performed current licensure and NPDB verifications as required by the Joint Commission and Clinton Hospital bylaws.

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

Clinton Hospital management had not established a comprehensive system to ensure that practitioners' credentialing and privileging reviews were completed. The absence of controls contributed to the number of practitioners providing patient care without full credential reviews performed and current privileges granted. Specifically:

- The hospital did not have a process to ensure that credentialing and privileging reviews were routinely completed and approved in a timely manner by the hospital's medical staff executive committee with the hospital's governing board providing final approval. For seven practitioners who provided patient care without privileges, it took Clinton Hospital at least 1 month to more than 27 months, after the practitioners started providing services, to send the practitioners' medical staff membership and privileges applications to the hospital's governing board for approval.

The governing board was also responsible for the hospital's untimely credentialing and privileging reviews. Of the aforementioned seven practitioners who provided patient care without privileges, it took the governing board at least 2 months to more than 6 months to approve or deny the practitioners' medical staff membership and privileges applications. The governing board's timing lapses are consistent with a finding identified in Clinton Hospital's 1999 Joint Commission Preliminary Report. The Joint Commission found Clinton Hospital's credentialing process to be in only "partial compliance" because the governing board took more than 90 days to act upon the hospital's medical executive committee recommendations.

- The hospital did not have staff dedicated exclusively to the credentialing process. In July 2002, Clinton Hospital, for the first time in its history, hired a person under a job description that included credentialing duties. As credentialing coordinator, this person was responsible for performing all of the credentialing work for the hospital. However, the credentialing coordinator was also responsible for other primary duties as the hospital's site manager and was unable to focus exclusively on the credentialing process.

Prior to July 2002, a temporary employee had performed the credentialing work for the hospital while concurrently performing duties as site manager, medical staff secretary, and, for periods of time, acting administrative officer. As a result of the temporary employee's many duties, hospital officials admitted that the credentialing and privileging processes probably did not receive enough attention. According to hospital officials, Clinton Hospital has never had a full-time credentialing position because it does not have the funding.

### **Insufficient Assurance That Practitioners Had the Appropriate Qualifications and Authorizations To Provide Patient Care**

By not completing assessments of practitioners' qualifications, competency, and suitability to provide patient care, Clinton Hospital's management was not fully assured that its practitioners met standards necessary to provide patient care. While 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 and privileging 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 Clinton Hospital's management establishes a system to routinely perform credentialing and privileging reviews. The hospital should:

1. establish controls to complete credentialing and privileging reviews in a timely manner, such as a computerized credentialing system to track and monitor the status of its practitioners, and
2. assign staff exclusively to perform the credentialing and privileging processes before the practitioners provide patient care.

### **AGENCY COMMENTS**

In its November 1, 2004, written response to our draft report, IHS stated that it had taken all recommended corrective actions for Clinton Hospital by:

1. implementing a tracking system that incorporates a computerized tickler system for monitoring the status of all practitioners' credentialing and privileging reviews, and
2. realigning the duties of the credentialing coordinator to ensure that the credentialing and privileging processes are key responsibilities.

The IHS reported that, as of September 2004, Clinton Hospital was fully up to date in processing and approving medical staff credentials and privileges. 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 01 2004

TO: Inspector General

FROM: Director

SUBJECT: Response to Draft Office of Inspector General Report [No. A-06-04-00038],  
"Credentialing and Privileging Practices at Clinton Indian Hospital," 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 Clinton Indian Hospital," and has determined that all recommended corrective actions have been taken. The following are specific responses to each recommendation, including corrective actions that have been implemented and/or completed.

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

IHS Response: A position has been established that is responsible for performing the credentialing and privileging processes at the Clinton Service Unit (CSU). The position description for the credentialing coordinator was revised in September 2003 to reflect a major realignment of duties. As of September 2004, CSU is 100 percent current with processing and approving medical staff credentials and privileges.

*OIG Recommendation: "Establish controls to complete credentialing and privileging reviews in a timely manner, such as a computerized credentialing system to track and monitor the status of its practitioners."*

IHS Response: A tracking system was implemented in January 2003 that incorporates a computerized tickler system for tracking and monitoring the status of all practitioners at CSU. It also includes a color-coded Microsoft Excel spreadsheet and calendar that enables the credentialing coordinator to ensure that all practitioners are in compliance with CSU medical staff by-laws, IHS regulations/guidelines, and standards established by the Joint Commission on Accreditation of Healthcare Organizations. These processes are monitored through the CSU Performance Improvement Program and reported on a quarterly basis to the Oklahoma City Area IHS Governing Board.

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If you have any questions concerning this response, please contact Mr. Les Thomas,  
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