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# Licensing & Credentialing 101



# Introduction



Whether you are entering the medical field as a practicing clinician for the first time, starting a new position or expanding your practice to a different state/jurisdiction - you will likely need to go through the licensing and credentialing process. This process can be challenging and time consuming, however it is a necessary one.

Licensing and credentialing ensures patient safety by verifying that you, as a medical professional, are qualified to practice in your specific field. Additionally, in order for insurance companies to pay claims, including Medicare and Medicaid, the practitioner must be licensed and credentialed. This whitepaper will lay out everything you need to know about each process with proven tips for streamlining and expanding your licensure.



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# LICENSING VS. CREDENTIALING – WHAT’S THE DIFFERENCE?

Although frequently used in tandem with one another, **licensing and credentialing** are two distinct processes in the healthcare field.

## Licensing

Refers to the legal authorization by a government agency or state board to allow clinicians to practice within a certain jurisdiction.

*For example, to practice in the state of Iowa a physician must obtain a license from the Iowa Board of Medicine.*

## Credentialing

Is the process conducted by healthcare organizations (like hospitals or insurance companies) used to verify the clinician's qualifications, work experience and overall competence to provide care.

Both licensing and credentialing share the common goal of ensuring clinicians are competent and qualified in their field. And typically, if a clinician wants to actively practice medicine they will need to become both licensed and credentialed.

**The key difference: Licensing is a legal requirement of governing bodies (like a state medical board) while credentialing is an organization-specific requirement.**

**Average wait  
time to receive a  
new license:**

**60-90 DAYS**

# LICENSING EXPLAINED

Licensing is a requirement that ensures clinicians meet specific standards of education, training, competence and ethic code prior to providing care to patients. The process of obtaining your license varies from state to state and can differ depending on the clinicians' specific field.

For example, a primary care physician's licensing process is going to be different than that of a psychiatrist. However, the same standards for licensure apply for both in-person care providers and virtual care providers.

## 5 key things to remember about licensing:

### 1 Authority

Governmental agency grants licensure that has the legal authority to regulate healthcare professions within their jurisdiction.

### 2 Legal requirement

Licensing is a legal requirement that clinicians must fulfill to legally practice medicine in a particular state.

### 3 Education

Licensing typically requires clinicians to graduate from an accredited medical or healthcare program. It also requires passing a standardized exam such as the United States Medical Licensing Examination (USMLE) or the Comprehensive Osteopathic Medical Licensing Examination (COMLEX).

### 4 Scope of practice

Licensure establishes the scope of practice for clinicians. This includes the range of services, procedures and activities that they can legally perform. State laws and regulations define a clinician's scope of practices and can vary between different healthcare professions

### 5 Legal protection

Licensing provides legal protection to clinicians and allows them to practice within their defined scope and protects them from unauthorized practice or legal consequences.

# THE LICENSING PROCESS

The exact process a clinician has to go through will depend on their specific profession and jurisdiction they intend to practice in. However, the following is a general overview of what a clinician can expect the licensing process to look like:

## EDUCATION, GRADUATION AND EXAMINATION

Clinicians must graduate from an accredited medical program and pass a standardized medical exam after receiving their diploma.

## BACKGROUND CHECKS AND CREDENTIAL VERIFICATION

Licensing boards typically conduct a background check to verify the applicant's criminal history, disciplinary actions and other relevant information. They may verify the clinician's credentials, such as their education, training and experience.

## LICENSE ISSUANCE

Once the application process is completed and the clinician meets all the requirements, the licensing authority issues their license. The license is typically valid for a specified period of time.

## APPLICATION

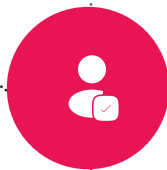
Next, clinicians must submit an application to the licensing authority in the jurisdiction where they wish to practice. The application typically includes personal information, educational background, exam scores and any required documentation.

## LICENSING EXAMINATION

Some professions require clinicians to pass a jurisdiction-specific licensing examination in addition to or as part of the overall application process. The examination typically assesses the applicant's knowledge of local regulations, laws and specific practice standards.

## CONTINUING EDUCATION AND LICENSE RENEWAL

Many states require clinicians to participate in continuing education programs to stay updated on advancements in their field. They also must renew their licenses periodically, which often involves fulfilling continuing education requirements and paying renewal fees.



# TIPS FOR STREAMLINING LICENSING

## START EARLY

Begin the licensing process well in advance of your intended practice start date as the process can often take longer than expected.

## STAY ORGANIZED

Create a checklist or folder to keep track of all the necessary documents, forms and requirements.

## SEEK GUIDANCE AND ASSISTANCE

Reach out to professional associations, colleagues or mentors who have already gone through the licensing process for tips or advice. Or seek assistance from [third party organizations](#).

## KEEP COPIES OF DOCUMENTS

Make copies of all the documents you submit during the licensing process. Keeping duplicates will help in case of misplaced or lost documents.

## BE RESPONSIVE AND PROMPT

Respond promptly to any requests or inquiries from the licensing board or regulatory authority. Timely communication and submission of requested information will help expedite the process.

# LICENSING ACROSS STATE LINES

For clinicians looking to provide care across multiple states, the licensing process can often be burdensome and costly due to each state's different requirements, application process and scope of practice.

Some common differences among states' licensure process can include:

### **Educational and postgraduate training**

**requirements:** Some states may have additional requirements or specific criteria for approving medical schools. States may also have different postgraduate training requirements for completing a residency program or internship that includes specific training.

**Exams and application process:** Typically, applicants are required to pass the USMLE or the COMLEX to become a licensed clinician. However, states may have different passing score thresholds or additional exam requirements. Along those same lines, the actual application process for becoming licensed also varies from state to state. Because each state has its own licensing board or regulatory authority who are responsible for processing applications, the forms, supporting documentation, fees and processing times vary.

**Continuing education and renewal:** From state to state, the requirements for continuing education and license renewal can differ in terms of specific topics that must be covered, mandated workshops or online courses.



# INTERSTATE MEDICAL LICENSURE COMPACT (IMLC)

Since the licensing process varies from state to state and can be daunting, many states are attempting to streamline licensing for physicians who wish to practice nationwide. They are doing this through multi-state compacts. Multi-state compacts are created when a certain number of states decide upon a uniform standard of care and create state laws to support that standard.

In the United States, states can participate in the [Interstate Medical Licensure Compact \(IMLC or the Compact\)](#). The IMLC's mission is to increase access to healthcare, especially for patients in rural and underserved areas. Currently the IMLC includes [37 states](#), the District of Columbia and the Territory of Guam.

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## CLINICIAN ELIGIBILITY REQUIREMENTS FOR IMLC



States that participate in the Compact can help streamline the licensure process for physicians who want to practice interstate medicine. However, the physician must first apply to the IMLC and meet the following requirements:

### The physician must:

- Hold a full, unrestricted medical license in a IMLC state that can serve as a State of Principal License.
- Have graduated from an accredited medical school or a school on the International Medical Education Directory.
- Have successfully completed ACGME- or AOA-accredited graduate medical education.
- Have passed each part of the USMLE, COMPLEX-USA or equivalent in no more than three attempts for each component.
- Hold a currently specialty certification or time-unlimited certification by an ABMS or AOABOS board.

### The physician must not:

- Have any history of disciplinary actions toward their medical license.
- Have any criminal history.
- Have any history of controlled substance actions toward their medical license.
- Currently be under investigation.

The IMLC significantly reduces the licensing process timeline for an individual state license to an average 19 day wait, from the typical 60 days to 4 months. Participating in the Compact is particularly helpful for clinicians practicing telehealth, as virtual care providers are not and do not want to be geographically limited.



# CREDENTIALING EXPLAINED

Unlike the licensing process which a governing body conducts, credentialing is organization specific. Credentialing occurs after the licensing process and is a way for the healthcare organization to ensure the clinician has obtained their appropriate licenses and education requirements. Essentially, credentialing is how the healthcare industry protects patients. It also plays a huge role in health plan enrollment and reimbursements.

Physicians will likely go through the credentialing process multiple times throughout their careers. It's common for healthcare organizations to re-credential every two years when renewing or adding new payer contracts.

For physicians looking to open their own medical practice, they will also need to complete the credentialing process - especially if they want to accept health insurance from patients. The same goes for physicians wanting to practice independently. Insurance companies require credentialing as a way to make sure they are paying legitimate, licensed care providers.



# THE CREDENTIALING PROCESS

A clinician's credentialing process will likely vary depending on the healthcare organization. However, the general process will likely include the following steps:

## APPLICATION SUBMISSION

The credentialing process begins when clinicians submit a detailed application to the credentialing entity/organization. The application typically includes personal information, education, licenses and certifications, work history, malpractice history and references.

## BACKGROUND CHECKS

The credentialing entity will also conduct a background check of the clinicians and review any malpractice history. Malpractice history includes past malpractice claims, disciplinary actions, criminal records or adverse events that could impact the provider's ability to provide safe and effective care.

## ONGOING MONITORING AND RE-CREDENTIALING

Credentialing requires ongoing monitoring and re-credentialing over time. Clinicians are typically required to meet continuing education requirements and undergo reevaluation of their credentials periodically. The frequency of re-evaluation will depend on the healthcare organization.

## VERIFICATION

Next, the credentialing entity will verify the information submitted during the application process. This often includes checking educational qualifications, confirming licenses with issuing authorities and validating work history and references. During the verification process, the entity may directly contact educational institutions, licensing boards, previous employers and references to confirm the provided information.

## EVALUATION AND DECISION

After all the necessary information is collected and verified, it is evaluated by a credentialing committee or panel of experienced healthcare professionals. Based on this evaluation, the credentialing entity decides whether or not credentials are granted. Once the decision is made, the clinician is notified and provided with any additional requirements, such as orientation or training programs.



# TIPS FOR STREAMLINING CREDENTIALING

Although the process varies between healthcare organizations, specialties and regions, there are a few general ways to simplify the overall process for yourself:

- Keep all supporting documentation current and easily accessible
- List your complete employment history, including locum tenens assignments or short term jobs
- Provide references that are available and ready to respond
- Consider seeking assistance from a third party specialized in the credentialing process
- Keep in touch with the credentialing team and meet deadlines

Unfortunately, a clinician can't control how quickly their application is approved. However, by being prepared and keeping documents up-to-date, they can prevent any bottlenecks on their end.



# GETTING STARTED

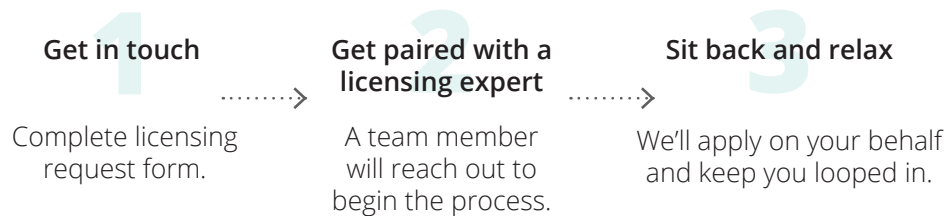
There is no doubt that the licensing and credentialing process can be lengthy and tedious. However, if you are entering the medical field for the first time or looking to expand your practice - it is essential. Luckily, OpenLoop is here to help with our medical licensing services!

At OpenLoop, we have a team of dedicated experts ready to streamline the licensing process for clinicians. Our expert support provides unmatched speed, diligent screening and streamlined applications and renewals.

## Our depth of services includes:

- ✓ State board licenses
- ✓ DEA licenses
- ✓ Background credentialing (CVO)
- ✓ Health plan credentialing
- ✓ Medicare/Medicaid credentialing

Through OpenLoop, licensing is simple - **just 3 steps and you're done!**



Ready to offload the licensing process? Get licensing assistance now!

**GET IN TOUCH**