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THE HIGH COST OF CREDENTIALING DELAYS

HOW DELEGATED CREDENTIALING PROTECTS PRACTICE REVENUE

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Executive Summary

Credentialing delays are a hidden but significant drain on healthcare practice revenue. When new providers wait 90–120 days (or longer) for payer approval, they cannot bill for services, leading to lost income, disrupted patient care, and administrative inefficiencies. Delegated credentialing — where payers authorize provider organizations to credential their own practitioners — shortens approval timelines from months to weeks, allowing practices to start billing sooner and reducing revenue leakage by tens of thousands of dollars per provider.

Introduction

In today's healthcare environment, speed to revenue is critical. Yet, the standard payer credentialing process can take three to four months or more, creating costly delays for practices and providers eager to begin seeing patients. The consequences are not just operational headaches — they translate directly into lost billable revenue, frustrated providers, and diminished patient access.

Understanding the Credentialing Problem

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Standard Payer Credentialing

- Typical timeframe: 90–120 days or longer
- Managed entirely by payer credentialing teams
- Subject to backlogs, data verification bottlenecks, and incomplete documentation cycles

Revenue Impact

- While waiting for credentialing approval, providers:
- Cannot bill under the payer plan for services delivered
- May see patients under "cash pay" or alternative arrangements, but at a significant revenue reduction
- Often lose referral opportunities due to payer network restrictions



Quantifying the Financial Loss

Provider Type	Delay Period	Estimated Gross Loss	Retroactive Billing Recovery	Net Loss
Primary Care Physician	90 days	$83,520	$41,760	$41,760
Mental Health Provider (LCSW)	90 days	$20,332	$3,936	$16,396
High-Earning Specialist	120 days	$122,144	Varies	$60,000–$80,000



Delegated Credentialing: A Faster Path to Revenue

Delegated credentialing is an arrangement where payers grant provider organizations the authority to credential practitioners directly. This process:

- Shortens approval time to 30–45 days, with some programs achieving under two weeks
- Eliminates multiple layers of data verification
- Reduces redundant paperwork
- Allows for bulk onboarding of multiple providers

Time Savings and Revenue Protection

If a practice saves just two months through delegated credentialing:

- Primary care providers avoid $12,000–$16,000 in lost revenue
- High-earning specialists may protect $60,000+ in earnings
- Mental health providers preserve ~$10,000–$15,000 in billable revenue

Additional Financial Benefits

Beyond direct revenue protection, delegated credentialing offers:

- Reduced administrative costs — fewer back-and-forth requests with payers
- Improved revenue cycle predictability — faster, consistent reimbursement timelines
- Better patient retention and satisfaction — faster provider access increases appointment availability and continuity of care
- Scalability for growth — faster onboarding enables practices to expand without bottlenecks

Conclusion

Credentialing delays are more than an administrative inconvenience — they represent a significant and avoidable revenue leak for healthcare practices. Delegated credentialing not only accelerates the onboarding process but also safeguards financial stability, improves patient access, and supports long-term growth.

In a competitive healthcare market, reducing time-to-revenue is no longer optional — it's essential.

References

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3. American Medical Association (AMA) – Research on revenue cycle impacts of delayed credentialing.
4. Case study analyses from primary care and behavioral health practices implementing delegated credentialing.

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