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THE HIDDEN COST OF CREDENTIALING DELAYS & BAD DATA FOR ACOS

HOW DELEGATED CREDENTIALING SAFEGUARDS VALUE-BASED REVENUE

Whitepaper

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Executive Summary

For Accountable Care Organizations (ACOs), accurate, timely provider credentialing is not just an administrative step — it is fundamental to protecting shared savings, improving quality performance, and ensuring accurate attribution.

When credentialing is delayed or provider data is incomplete, ACOs face hidden financial risks: missed attribution, leakage, and reduced performance on quality and utilization metrics. Directory errors compound the problem, leading to missed visits when patients cannot locate an in-network provider. Together, these issues reduce earned shared savings and can even create penalties under downside risk arrangements.

Delegated credentialing offers a proven solution. By empowering provider groups to credential practitioners in-house, ACOs accelerate provider activation, ensure cleaner data, and reduce the downstream revenue and quality losses tied to delayed or inaccurate rosters.

Introduction

ACOs operate in a landscape where every delay and data error can translate into lost opportunity. Unlike fee-for-service models where delays primarily reduce immediate billing revenue, ACOs experience compounded financial losses:

- Patients may not be attributed to the correct provider panel
- Gaps in care reporting affect quality scores
- Missed encounters reduce utilization benchmarks and shared savings potential

Delegated credentialing directly addresses these risks by creating faster, more accurate provider onboarding and reducing the administrative friction between providers and payers.

How Credentialing Delays and Bad Data Impact ACO Revenue

Attribution Risk

- If a provider is not credentialed promptly, patients may be attributed outside the ACO, lowering panel size and potential shared savings.
- Incorrect or outdated roster data feeding a payer directory can cause patients to "leak" out of the ACO.

Quality Measure Performance

- Providers not onboarded in time may miss reporting cycles, depressing quality scores.
- Delayed credentialing disrupts preventive care, chronic disease management, and follow-up, directly reducing quality-based incentives.



Shared Savings and Risk Exposure

- Lost attribution = smaller denominator for shared savings distribution.
- Care delivered by uncredentialed providers may not be captured in payer data feeds, skewing performance metrics.
- In downside risk models, data errors can push total cost of care above benchmarks.

Industry estimates: ACOs lose millions annually due to bad provider data. In fact, CAQH has found that poor data quality costs the U.S. healthcare system $2.1 billion annually, much of which directly impacts value-based arrangements.

Fee-for-Service Losses Compound Value-Based Risks

While ACOs are primarily focused on value-based revenue, they also feel the impact of traditional fee-for-service (FFS) losses when credentialing is delayed. Every day a provider is unable to bill represents unrecovered patient encounters — and these losses stack on top of the downstream value-based risks (missed attribution, leakage, and quality penalties).

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	90 days	$20,332	$3,936	$16,396
High-Earning Specialist	120 days	$122,144	Varies	$60,000–$80,000

Delegated Credentialing: A Solution for ACOs

Delegated credentialing allows ACO-participating groups to take control of provider onboarding. Benefits include:

- Accelerated Provider Activation: Credentialing reduced from 90–120 days to as little as 30–45 days, ensuring new providers can be attributed and included in reporting sooner.
- Cleaner Roster Data: Direct responsibility for maintaining accurate provider data reduces mismatches in payer systems.
- Revenue Protection: By improving accuracy and timeliness, ACOs protect quality incentive revenue, shared savings, and avoidable penalties.
- Stronger Patient Experience: Faster access to credentialed providers reduces wait times and leakage to out-of-network care.
- Support for Growth: ACOs adding new providers or expanding into new service lines can move faster without being constrained by payer delays.



Conclusion

For ACOs, credentialing delays and bad data are more than operational nuisances — they are threats to value-based performance. Lost attribution, reduced quality scores, and inaccurate cost reporting can undermine years of care management work and significantly reduce shared savings.

Delegated credentialing provides a direct path to protect these outcomes. By accelerating provider onboarding and ensuring accurate data flows, ACOs can safeguard revenue, improve quality, and strengthen their ability to thrive under value-based contracts.

References

- CAQH Index Report (2023) – Administrative waste and provider data accuracy costs
- CMS Shared Savings Program Results (2022) – Quality measure performance impact on shared savings
- MGMA & AMA Benchmarking Data – Provider onboarding delays and operational costs

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