

LICENSING & COMPLIANCE

Licenses and Credentialing You Need to Open a Clinic

To open a clinic you need a state medical license, NPIs, EIN, DEA if prescribing, and permits. Payer credentialing adds 90–150 days — cash-pay skips it.



SCAN TO BOOK A CALL

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To open a clinic you need: an **active state medical license** in every state where you'll see patients, an **individual NPI** plus an **organizational (Type 2) NPI** for the practice entity, a **business entity and EIN**, a **DEA registration** if you'll prescribe controlled substances, and any **state or local business licenses**. If you bill insurance, add a **CAQH ProView profile** and **payer enrollment**, which commonly takes 90–150 days per commercial payer. **Cash-pay practices skip payer credentialing entirely — which is the single biggest reason they open in weeks while insurance practices take months.** Add a **CLIA certificate** only if you'll run in-house lab testing.

BY THE NUMBERS

**90–150
days**

commercial payer credentialing

15–90 days

Medicare enrollment

**60–120
days**

Medicaid enrollment

The full inventory

EXHIBIT

CREDENTIAL	WHO NEEDS IT	ISSUED BY	LEAD TIME	NOTES
State medical license	Every physician, in every state where patients are located (including telehealth)	State medical board	Varies widely by state	Must be active and unrestricted; check your board's published estimate
Individual NPI (Type 1)	Every physician	NPPES	Days	You likely already have one from training
Organizational NPI (Type 2)	The practice entity	NPPES	Days	Requires the entity and EIN to exist first
EIN	The practice entity	IRS	Days; online	Free; unlocks banking and Type 2 NPI
Business entity (PC/PLLC)	The practice	State filing office	Days–weeks, varies by state	CPOM rules constrain ownership in some states How to Set Up the Legal Entity for Your Medical Practice (PC, PLLC, and the CPOM Problem)
DEA registration	Physicians prescribing controlled substances	DEA		Registered to a practice address; update it if you move
State controlled-substance registration	Prescribers in states that require one	State agency	Varies by state	Some states layer this on top of the DEA number — check yours
Business licenses/permits	The practice	State/county/city	Varies by locality	Easy to forget; cheap to fix early
CLIA certificate	Only practices performing in-house lab tests	CMS (CLIA program)		Waived tests need a certificate of waiver; moderate/high-complexity testing is a much bigger lift
CAQH ProView profile	Only practices billing insurance	CAQH	1–2 weeks to complete and attest	The data hub most payers pull credentialing data from

CREDENTIAL	WHO NEEDS IT	ISSUED BY	LEAD TIME	NOTES
Payer enrollment/credentialing	Only practices billing insurance	Each payer	90–150 days commercial (verified); Medicare ~15–90; Medicaid ~60–120	Per payer; you can't bill until each clears

DEA (and state controlled-substance registration if your state requires one)

FROM THE BRIEF

What does every practice need, regardless of model?

Five things: the state license(s), both NPIs, the entity with its EIN, DEA if you prescribe controlled substances, and local business permits. That's the complete federal-and-state baseline for a cash-pay clinic. None of it involves an insurer, and none of it has a 90-day queue — the longest item is usually either a new state license or, occasionally, entity processing in slow states.

Two details trip people up. First, the **Type 2 NPI**: physicians know their individual NPI but forget the practice entity needs its own, and it can't be filed until the entity and EIN exist — a small dependency chain worth sequencing correctly. Second, the **state controlled-substance registration**: some states require their own registration on top of the federal DEA number. This varies by state — check your board and your state's controlled-substance authority rather than assuming the DEA registration covers it.

What do you only need if you bill insurance?

The entire credentialing apparatus: a complete, attested CAQH ProView profile, then enrollment applications with each payer you want to bill — each running its own verification, each on its own

clock. The verified planning numbers: **90–150 days for commercial payers, roughly 15–90 for Medicare, 60–120 for Medicaid.**

The strategic read is blunt: credentialing is the slowest, most painful part of opening a clinic, and it is entirely optional. A DPC or concierge practice never touches CAQH and starts seeing patients while an otherwise-identical insurance practice is still in a payer's verification queue. If you want insurance participation eventually, you can still open cash-pay first and credential later in parallel with a running practice. [How to Start a Direct Primary Care Practice](#)

What about telehealth across state lines?

The rule is simple and strict: you need licensure in **each patient's state**, not just your own. A telehealth panel across three states means three active licenses, each with its own board, fees, and renewal cycle.

The Interstate Medical Licensure Compact (IMLC) can streamline obtaining licenses in participating states for qualifying physicians, but its current state list, eligibility criteria, and processing details should be verified with the IMLC directly before you build a multi-state plan around it. Telehealth prescribing of controlled substances carries its own shifting federal and state rules — verify current requirements for every state where you'll prescribe.

What about CLIA, and do you need it?

Only if you perform laboratory testing in-house. If you draw and send specimens to a reference lab, the testing happens under *their* certificate. If you run even simple in-office tests — the category CMS classifies as "waived" — you need a CLIA certificate of waiver for your site; moderate- or high-complexity testing requires full CLIA certification with personnel and quality requirements that are a different undertaking entirely. Many lean cash-pay launches sidestep CLIA entirely at the start by partnering with outside labs, then add waived testing once the panel justifies it.

In what order should you get all this?

1. **Confirm or apply for state licenses first** — it's the longest physician-side lead time, and everything clinical waits on it. If you need new states, apply before you do anything else.

2. **Form the entity** (after confirming CPOM rules for your state), because the EIN and Type 2 NPI hang off it.
3. **EIN, then Type 2 NPI** — quick federal filings, in that order.
4. **DEA (and state controlled-substance registration if your state requires one)** — needs a practice address, so it follows the entity.
5. **Business permits** — file per your locality while the above process.
6. **If billing insurance: CAQH and payer applications the moment your NPIs exist.** This is the long pole; every week of delay here is a week added to your launch. [How Long It Actually Takes to Open a Private Medical Practice](#)
7. **CLIA certificate, if and only if you're doing in-house testing.**

Steps 2–5 are days-to-weeks each and largely delegable; a launch service can file most of this for you and manage CAQH and enrollment where you do want payers later.

One more thing the inventory doesn't show: almost everything on it renews. State licenses renew on board cycles with CME requirements, DEA and state controlled-substance registrations renew on their own schedules, permits renew locally, and insurance credentialing requires periodic re-attestation and re-credentialing. None of it is hard, but a missed renewal can suspend your ability to prescribe or bill overnight. Put every expiration date on one calendar the day you receive each credential — or run on a platform that tracks compliance dates for you — and the renewal problem disappears before it exists.

What do physicians get wrong about licensing and credentialing?

They treat it as one undifferentiated pile of paperwork — and sequence it badly. The inventory splits cleanly into fast, controllable filings (EIN, NPIs, entity, permits) and slow third-party waits (new state licenses, payer credentialing). The expensive mistake is starting the slow items late: submitting payer applications in month three instead of week two, or discovering mid-launch that a telehealth patient base requires a license you haven't applied for. Start the waits first; fill the gaps with the fast stuff.

The second mistake is assuming credentialing is mandatory. It's a payment-model choice. Physicians who'd be perfectly happy cash-pay spend a quarter of overhead waiting on payers they didn't need.

Reality check

This is the most state-dependent part of a launch. License timing, CPOM entity rules, controlled-substance registrations, and telehealth rules all vary by state — the pattern above holds nationally, but your state's specifics are the ones that bind you. Check your medical board's published processing times and consult a healthcare attorney licensed in your state for entity and multi-state questions; this article is general information, not legal advice.

Budget for the waits, not just the fees. Application fees are mostly minor [How Much It Costs to Start a Private Medical Practice \(Real Numbers\)](#); the real cost of credentialing is 90–150 days of overhead carried while unable to bill. And nothing here validates demand — a fully licensed, fully credentialed clinic with no patients is still a failed launch. Licensing is necessary, never sufficient.

Frequently asked

Do I need to be credentialed with insurance companies to open a clinic?

No. Credentialing is only required to bill insurers. A cash-pay clinic (DPC, concierge) needs the state license, NPIs, entity/EIN, DEA if prescribing, and local permits — and can open as soon as those are in hand, typically weeks not months.

How long does payer credentialing take for a new practice?

Commercial payers commonly take 90–150 days from application to approval; Medicare runs roughly 15–90 days and Medicaid 60–120, varying by state. The clock runs per payer, and you can't bill a payer until its process clears — so submit applications as early as possible.

Do I need a separate NPI for my practice?

Yes. Your individual (Type 1) NPI covers you; the practice entity needs its own organizational (Type 2) NPI, filed through NPPES after the entity and EIN exist. Both are free.

Can I see telehealth patients in another state with one license?

Generally no — you need an active license in each state where your patients are located at the time of the visit. The IMLC can streamline multi-state licensure for qualifying physicians in participating states; verify current participation and rules before relying on it.

Do I need a DEA number to open a practice?

Only if you'll prescribe controlled substances. Many practices need it from day one; some (and some models) don't. Note that several states also require their own controlled-substance registration on top of the federal DEA number — check your state.

What is CLIA and does a small clinic need it?

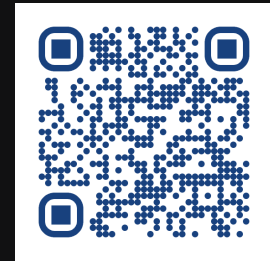
CLIA is the federal certification program for laboratory testing. You need a CLIA certificate only if you test in-house — a certificate of waiver covers simple waived tests; send-out labs run under the reference lab's certificate. Many lean launches start send-out only and add waived testing later.

HOW OPENWELL CAN HELP

Done-for-you, end to end.

Licensing, registrations, and entity filings are the most delegable part of a launch. Openwell files the full licensing and registration stack as part of a done-for-you cash-pay launch, and manages CAQH and payer enrollment later if you ever want it.

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SCAN TO BOOK

RELATED OPENWELL BRIEFS

- [How to Start Your Own Medical Practice From Scratch: The Complete Sequence](#)
- [The Complete Checklist for Opening a New Medical Practice](#)
- [How Long It Actually Takes to Open a Private Medical Practice](#)
- [How Much It Costs to Start a Private Medical Practice \(Real Numbers\)](#)