

PRELIMINARY STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on Senate Health Care

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Zena Rockowitz, Administrator

Meeting Dates: 5/13

WHAT THE MEASURE DOES: Increases insurers payment method transparency for providers. Establishes criteria for providers and insurers who choose to use virtual credit card payments or other payment options.

ISSUES DISCUSSED:

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Many insurers are choosing to use virtual credit cards (VCC) for claims payments to physicians instead of sending paper checks or paying via the electronic funds transfer (EFT) standard transaction. When paying via VCC, insurers send single-use credit card payment information and instructions to physicians via mail, fax or email. The physician's office then processes the payment as they would a patient's credit card. For each of these payments, physicians are charged processing fees that typically amount to 3-5 percent of the total payment. If a physician contractually is owed \$5,000, for example, the processing fee would be as high as \$250.