



MEMORANDUM

To: Senator Monnes-Anderson, Chair, Senate Committee on Health Care
Senator Kruse, Co-chair, Senate Committee on Health Care
Members of the Senate Committee on Health Care

From: Courtni Dresser, OMA Government Relations

Date: May 13, 2015

Re: Support for HB 3021-A

HB 3021-A increases payment method transparency for providers and establishes clear criteria for how virtual credit card payments are made to providers. Virtual credit cards are an electronic form of reimbursement that is utilized by health plans to pay providers. Virtual credit card payments are sent to providers in the form of a number and pin that can be entered using standard credit card technology. However, due to the lack of a physical card being present, the transaction is subject to higher processing and interchange fees, up to 5%, which is subsequently deducted from the amount the provider is supposed to be reimbursed. The provider is stuck paying additional processing fees while some health plans get rebates.

There are other viable electronic payment methods, such as the HIPAA-compliant ACH EFT (Automated Clearing House Electronic Funds Transfer) whose transactional fees are a fixed amount and far less than those of VCCs (approximately \$0.34 per transaction). Notably, as of January 2014, all health plans are required to use ACH EFT for providers who register for and request payment by ACH EFT. The use of VCCs should be made available as a payment option to providers but not at a cost to the provider; the lack of notice and the hidden fees with the use of this method of payment must be remedied.

As you will hear in today's testimony and from provider stories included below, virtual credit cards are being utilized by health plans with increased frequency and are being sent without prior acceptance from a clinic. Provider practices are told they can "opt out" of the VCC payment, but when they attempt to do so, they encounter administrative hassle from not only the health plan but the third party credit card company.

HB 3021-A does not take away the ability of the health plan to offer and the provider to accept virtual credit card payments. The bill sets up clear expectations of the health plan and ensures provider flexibility in payment methodology. Health plans would be required to notify the provider, in advance, of any fees associated with the use of virtual credit cards or electronic funds transfers and must offer an

alternate form of payment that has no fees, if the provider elects to not accept the virtual credit card payment. This effectively allows the provider to “opt in” to the payment while ensuring prompt payment of the claim. In addition, the practice can assign a designee of the provider, such as the billing manager, to work with the third party credit card company.

We encourage you to support HB 3021-A.

Virtual Credit Card experiences from our members:

“Not only are there transaction fees but the paperwork is mailed to us weeks after the information with the virtual credit card number. We cannot run the transaction without the paperwork; this means a delay in our payment, in addition to any transactional fees we have to pay.” – Bend, OR

“Virtual credit cards are not helpful. Our clinic has to pay a fee to process these payments and when we call the credit card company to send a paper check, it delays the payment. We reviewed our contract with the health plan and found it to be vague on methods they can use to reimburse us. This also complicates our ability to determine if we are being reimbursed correctly. Additionally, despite requests to stop sending virtual credit card payments, the health plans continues to send them.” – Dallas, OR

“I recently “opted-out” of a virtual credit card payment with an insurer and received a paper check. I then received a second virtual credit card payment (for a different patient) and when I called to check on our opt-out status, I learned that the opt-out is not by health plan but by patient.” – Portland, OR

“I would like to see providers given the option to opt-in to virtual credit card payments. I have tried on many occasions to opt out of the current virtual credit card and they all give me a third party to call and want information I do not have to identify my provider and/or patient. They are very difficult to get through to and they do not staff these phone lines in hopes of discouraging our calls.” – Lake Oswego, OR

“The virtual credit card payments are a problem. Not only has it had an economic impact but we have had to change our workflow to accommodate payments from insurance carriers paid by credit card. I would appreciate the opportunity to opt in, rather than being forced to opt out.” – Portland, OR

The Oregon Medical Association serves and supports over 8,200 physicians, physician assistants and student members in their efforts to improve the health of all Oregonians. Additional information can be found at www.theOMA.org.