

STAFF MEASURE SUMMARY

House Committee On Health Care

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

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**Action Date:** 04/10/15

**Action:** Do Pass As Amended And Be Printed Engrossed.

**Meeting Dates:** 03/13, 04/10

**Vote:**

Yeas: 8 - Buehler, Clem, Greenlick, Hayden, Kennemer, Keny-Guyer, Lively, Nosse

Exc: 1 - Weidner

**Prepared By:** Sandy Thiele-Cirka, Committee Administrator

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**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:**

- Increasing use of virtual credit cards (VCC)
- Phasing out of paper checks
- Current barriers to opting out of VCC payments
- High interchange fees associated with VCC payments
- Other payment methods, Automated Clearing House Electronic Funds Transfer (ACH EFT)
- Proposed amendment

**EFFECT OF COMMITTEE AMENDMENT:**

Replaces original measure.

**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.