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- **Purpose:** In recent years, insurance companies have started paying healthcare providers using electronic payments – electronic funds transfers (“EFT”) and virtual credit cards. Although healthcare providers currently may have the ability to request physical checks, many are unaware that this option exists, and are often lead unknowingly of their rights to request other payment modalities. Moreover, insurance companies have made it more cumbersome to “opt-out” of these payment forms. This bill simply ensures that insurance companies cannot require a provider to accept only one form of payment and requires insurance companies to inform providers that they have the ability to choose receiving electronic payments or physical checks.
- **What is a Virtual Credit Card Payment?**
  - A virtual credit card works the same way as a physical credit card. Rather than presenting a physical card, the insurance company issues a single-use series of numbers associated with the payment of health care services performed by a healthcare provider and chargeable to a predetermined dollar amount. The provider then enters the numbers into a credit card terminal or web portal, and the payment is transferred to the provider’s designated account. Typically, these transactions for claims repayment carry merchant terminal fees and credit card usage fees not associated with other forms of claims repayment.
- **Why is this an issue for healthcare providers?**
  - Like any other credit card transaction, there is typically a processing fee associated with virtual credit card payments, which can range from 2.5-5% on the underlying charge. This means that whenever an insurance company reimburses a provider, 2.5-5% is automatically subtracted from that reimbursement payment. For example, if a practice bills \$1,000,000/year and only accepts virtual credit card payments, that is an automatic expense of \$25,000-50,000/year for that practice.
- **Which providers are covered by this bill?**
  - Physicians, dentists, podiatrists, pharmacists, optometrists, psychologists, registered opticians, licensed professional counselors, physical therapists, chiropractors, hospitals, or other entity or person who is licensed or otherwise authorized in this state to furnish health care services.
- **Does the bill prohibit insurance companies from reimbursing providers with virtual credit cards?**
  - The bill prohibits an insurance company from using a virtual credit card as the **ONLY** form of payment, and requires more transparency in fees. Moreover, it provides the health care provider with ability to choose which form of payment best fits their business needs. In fact, under federal rules in fact, a health plan cannot require a provider to accept only virtual credit card payments. See 45 CFR 162.925(a).

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