



Testimony Before the Assembly Financial Institutions and Insurance Committee, A.4913,
March 9, 2023

Good morning, Mr. Chairman, and members of the Committee. My name is Jim Schulz, and I am the Director of Governmental and Public Affairs for the NJ Dental Association. In addition to this testimony, I have provided other written materials for your review.

Mr. Chairman, I want to thank Assemblymen Conaway and Stanley for their sponsorship and leadership on this important legislation. A.4913 stops the abusive insurance practice of providing claims repayment to healthcare providers by way of virtual credit cards, which has become a growing and common practice among insurance plans for more than a decade.

This practice is particularly egregious in that health plans often insinuate that this is the only way to receive claims payment remuneration, when, in fact, federal rules provide that other alternatives must also be offered. This legislation, as proposed to be amended before you, simply states that health care providers can be in a way that best paid fits their business needs - via electronic fund transfer, virtual credit card, or via a good old-fashioned check. Moreover, this legislation, as amended, establishes clear transparency in the transaction process. Most health care providers are unaware of the fees of virtual credit cards until they process them. And, when they attempt to unwind from this payment method the plans often make the process difficult and delayed which results in a needless loss of time and money, and ultimately harms their ability to focus on patient care and management.

Here in New Jersey, the average dental practice generates \$500,000 to \$1,200,000 in gross revenue a year. What's more, nearly 60 percent of the practices in New Jersey are solo practitioners, with almost 90 percent of the practice locations having 2 or fewer dentists. The net financial impact on practices forced to use virtual credit cards can be seismic.

For a practice that generates \$1 million per year in claims payment credit card transaction fees can approach \$50,000 annually. Think about it for a minute. That's \$50,000 that cannot be used to hire a new employee, nor pay more to existing employees, nor improve benefit incentives for those employees, nor invest in new technology to improve the patient experience and access to care. All because of an unnecessary use of virtual credit cards.

Additionally, New Jersey would not be breaking new policy ground in this area. To date, 19 states have enacted laws addressing this issue. In fact, the proposed amendment before you is modeled after Georgia law, which is considered the exemplar among providers and payers alike. Moreover, the National Conference of Insurance Legislators has adopted model legislation to address this issue too. <https://ncoil.org/2020/12/28/ncoil-adopts-transparency-in-dental-benefits-contracting-model-act/>

Thank you, Mr. Chairman, and members of the committee, for your time today. I urge you to please vote yes to release this bill from the Financial Institutions and Insurance Committee. As always, I am happy to address any questions or may have.