

Vote Against SB1229 by Sen. Kel Seliger

SB 1229 reduces choice and flexibility amongst Payers and Providers for making and receiving healthcare claim payments by:

- Eliminating virtual card payments as a method of electronic payment for healthcare claims
- Limiting choice of electronic payment option to just ACH
- Forcing providers to disclose their account information to Payers to receive payment by ACH – thereby increasing the risk that such information could be breached or inappropriately used
- Forcing Payers to continue to offer check payments, an expensive payment form, in case a provider rejects the ACH option

Reasons Why Payers and Providers Choose to Use Payment Card for Health Care EFT

Health care payers and providers choose to use payment card for electronic health care claim payments for many reasons. These include:

For Payers:

- Reduced check and ACH processing cost,
- Greater visibility and control over claims payment, and
- Increased fraud protection.

For Providers:

- Ability to use existing payment card infrastructure to process virtual card transactions,
- No need to disclose banking information to health plans,
- No need to enroll with each health plan to receive payment,
- Reliable and secure way to receive payment, and
- Guaranteed payment, with zero liability, in the event of fraud.

SB 1229 would eliminate these benefits for payers and providers.

Current Law Protects Provider Ability to Choose Payment Method

In the absence of improper restrictions that are already addressed by current HIPAA regulations, providers should always be free to select the EFT payment method that best serves their needs, after taking into account all relevant considerations, including acceptance costs.

Regulatory tools already exist to address the remote possibility that providers could be forced to accept virtual card payments. Notably, HIPAA regulations require health plans to conduct transactions as a standard transaction (i.e. via ACH, pursuant to the HIPAA adopted standard) if requested to do so. Existing HIPAA regulations further prohibit health plans from delaying or rejecting a transaction or adversely affecting another party to a transaction because the transaction is a standard transaction.

The proper response to addressing potential provider concerns is compliance education and/or enforcement – not by depriving the health care providers, the flexibility and choice of the form of EFT transaction that best serves their needs. The payments industry is also strongly supportive of the establishment of robust best practices for healthcare payers and providers to ensure that all parties in a health care claim payment transaction operate in a fair, transparent and compliant manner.