

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Peter A. Hammen, Chair
Members, House Health and Government Operations Committee
The Honorable Ariana Kelly

FROM: Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman

DATE: February 18, 2016

RE: **SUPPORT** – House Bill 639 – *Health Insurance – Provider Claims – Payment by Credit Card – Prohibited*

The Maryland State Medical Society (MedChi), which represents more than 7,600 Maryland physicians and their patients, supports House Bill 639, which prohibits insurers, nonprofit health service plans or health maintenance organizations from paying a claim to a health care provider using a credit card, a practice that is becoming more frequent among payers.

In this type of transaction, the physician receives a “virtual credit card number” rather than a paper check or direct deposit and is required to manually enter the number into the card machine. While some may argue that the payments provide a convenient method for payers to reimburse payments to physicians, in actuality, it has the effect of unilaterally and unfairly reducing payments to physicians. Why? Because every credit card transaction carries a fee for the payment recipient, which can be as high as five percent and means that the physician is receiving less than the negotiated price for his/her services in addition to the indirect costs associated with the staff time needed to process the payments. This practice has become particularly difficult for small practices that do not accept credit card payments when insurers continue to send payments via this route.

Given recent reductions in reimbursement rates, including the State decreasing reimbursement rates for physician E&M codes, physicians cannot afford further reductions, especially a reduction that unilaterally shifts costs from payers to providers. Physicians should be paid the negotiated rate and nothing less.

MedChi urges a favorable report.

For more information call:
Pamela Metz Kasemeyer
J. Steven Wise
Danna L. Kauffman
410-244-7000