

Statement for the Record
National Committee on Vital and Health Statistics
Subcommittee on Standards

Visa Inc. (“Visa”) appreciates the opportunity to submit this statement for the record in connection with the June 10, 2014 hearing before the National Committee on Vital and Health Statistics (“NCVHS”) to discuss the use of virtual payment cards as an acceptable form of electronic fund transfer (“EFT”) payment for health care providers. Visa continues to strongly support the policy decision made by the Department of Health and Human Services (“HHS”) to promote competition and innovation in the delivery of health care services and payment technologies by allowing for multiple methods of conducting healthcare EFT to pay providers. Visa further urges NCVHS to continue the policy path taken by HHS and facilitate alternative methods of EFT for health care payment claims by encouraging development of additional industry-wide operating rules and standards beyond the current ACH EFT standard to address other forms of EFT, including payment card and wire transfer.

As recognized by HHS in its January 5, 2012 interim final rule adopting transaction standards for processing health care purpose EFTs (“EFT Rule”),¹ no single means of EFT can meet the needs of all participants in the health care industry. Thus, the EFT Rule gives providers the flexibility to choose the EFT method that best meets their particular needs, whether by ACH, payment card or wire transfer.

One EFT type increasingly used in the health care industry today is virtual payment card. When coupled with an accounts payable automation process, virtual payment card can meet all of the core requirements under the HIPAA requirements for administrative simplification: (1) automated reconciliation; (2) addressing acknowledgments; (3) reducing manual effort; and (4) describing data elements in unambiguous terms.² For many providers, payment cards present several advantages in health care EFT transactions in comparison to ACH payments. These advantages include:

- **Ease of acceptance by providers.** Payment cards are ubiquitous as a form of payment and most providers already accept payment cards as a means of payment by patients.³ A payment card EFT solution for business to business (“B2B”) and government to business (“G2B”) payment transactions uses the same technology and arrangements that providers already have in place to support consumer payment card transactions.
- **Elimination of need to reconfigure systems to accept ACH payments.** ACH payment acceptance is generally a sophisticated treasury function. However, most of the health care provider community—over sixty percent—are small practice providers that have fewer than five doctors in the practice. Such providers may not have the need, desire or

¹ 77 Fed. Reg. 1556 (January 10, 2012).

² HIPAA Title II, Subtitle F, Pub. L. 103-191.

³ According to a 2009 study conducted by Medical Group Management Association of its members, 98% of survey respondents accept payment cards. 2009 Visa/MGMA Practice Perspectives on Patient Payments.

resources to justify a full treasury relationship with their financial institution that would facilitate ACH payments.

- **No need to provide banking information to health plans.** In contrast to most ACH (and wire) arrangements, providers who accept payment card EFT do not need to provide their financial information (financial institution, ABA routing number, account number, etc.) to the paying health plans. This minimizes the risk to the provider that such information could be breached or inappropriately used.
- **No need to enroll in ACH for each health plan to receive payment.** Providers must separately enroll in ACH for each insurer from which they receive payment, and may not have the resources or desire to enroll in ACH for multiple health plans in order to receive payment. In situations where a provider infrequently deals with a specific insurer it would not be worth the administrative burden to require them to enroll in ACH for that provider. By contrast, provider enrollment is not necessary for payment card payments.
- **Elimination of manual processing through payment card Straight Through Processing.** With “Straight Through Processing” (“STP”), the automated payment card transaction processing service available to providers, there is no need for a provider to manually key enter the card number into Point of Sale terminal to process the payment card EFT transaction. STP transactions require no manual interaction by the provider for settlement of the payment transaction. With STP, the Buyer (in this instance, the health plan/payer) submits a payment directly through the provider’s acquiring institution for disbursement: the payment is processed automatically on behalf of the provider through the card payment networks, and the provider receives the funds directly into its merchant bank account, in a manner similar to an ACH transaction.⁴ Because STP eliminates any requirement to enter payment card information manually into a POS terminal it, thus, also eliminates any potential keying errors.
- **Facilitation of payment re-association and reconciliation for EFT transactions.** Payment card EFT transactions, like other EFT methods, generally contain information that facilitates re-association and payment reconciliation. Many payment card solution providers currently mirror the EFT standards for ACH payments and include the trace number (“TRN”) segment along with the card number in the virtual card EFT to enable health care providers to later reconcile the payment with the corresponding electronic remittance advice (“ERA”). In addition, the Accredited Standards Committee X12 is currently engaged in efforts – which we support – to include, in the HIPAA ERA transaction standard, an identifier for payment cards in the TRN segment to facilitate the re-association of payment card EFTs with the ERA.
- **Security of EFT payment method.** Payment card EFT transactions provide a safe method of electronic payment. First, if the payment card EFT is an STP payment, the funds are directly deposited into the provider’s merchant banking account, and there is no

⁴ It is important to note that, for STP transactions, a provider would only provide its merchant account details (e.g. merchant Id, terminal Id, etc.) once for enrollment; their bank information is not required. All provider information is maintained in a secure environment, and is never shared with the payer.

possibility of diversion. Second, in most cases, the information necessary to process the card transaction (e.g. card number, expiration date, etc.) are generally transmitted to providers by secure email. Third, payment card numbers can be restricted to specific merchant category codes (MCCs), which means that such payment cards can only be used by a specific type of merchant (e.g., doctors, hospitals, etc.). Fourth, in most cases, the payment card can only be negotiated for the exact payment amount that the payer authorizes, another protection against diversion of payment. Finally, in the event of a fraudulent act, such as theft/diversion of the payment card EFT, the card issuer's guaranteed payment promise ensures that both the payer and the provider are made whole and are protected from liability.

To date, however, HIPAA standards and operating rules for EFT have been adopted only for EFTs conducted over the ACH network. Accordingly, there is some confusion in the industry as to whether other forms of EFT are even permissible under HIPAA, notwithstanding HHS' stated policy decision to accommodate a variety of EFT payment methods, including via payment card. To eliminate that confusion and ensure that providers can continue to obtain the benefits of virtual payment card to receive payment when it best serves their needs, Visa encourages the NCVHS to work with potential operating rules authoring entities to develop operating rules for the health care EFT standard and standards for ERAs for additional EFT methods, including payment card. We further urge that any such standards making process be open to all interested stakeholders, including the card industry, to ensure that all relevant viewpoints are sufficiently considered when developing these rules and standards.

Finally, to the extent that there have been instances of health plans improperly requiring providers to accept payment card EFT or disincentivizing other EFT methods, such as by imposing excessive fees or delaying payment by ACH EFT for reasons other than the nature of the payment method, we submit that there are regulatory tools that already exist to address these potential abuses. *See* 45 C.F.R. § 162.925(a)(1) & (2) (requiring health plans to conduct transactions as a standard transaction if a provider requests to do so and prohibiting different treatment of a party because the transaction is a standard transaction) as well as federal and state prompt pay laws. In such instances, the proper response is increased transparency and compliance education and/or enforcement – not the elimination of flexibility and choice for health care providers to select the EFT payment method that best serves their needs, after taking into account all relevant considerations, including cost to the provider.

Visa looks forward to working with the NCVHS and other stakeholders to preserve and promote provider choice in EFT payment methods. If you have any questions or would like to discuss these issues further, please contact Sajid Imam at (650) 432-1646.

Respectfully submitted,



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