

What do I need to know about payer and patient credit cards?

The AMA is committed to providing physicians with the tools they need to assess and succeed in their practices. Below are some frequently asked questions and answers regarding the use of credit cards in the physician practice.

1. Does a credit or debit card always need to be present?

A credit or debit card does not always need to be present prior to entering a charge. However, a charge entered with the presence of the card results in the lowest fee charge per transaction. Keep in mind, fees also vary based on whether the card is a debit or credit card, or is from a consumer or commercial account. In most cases a card-not-present transaction will incur a higher interchange fee. Check your merchant agreement for the varying fees.

2. How do I enter a debit or credit card charge without the card present?

When credit card numbers are provided to you without a card present, a security code must also be provided. The security code (CVV) is located on the back of the card and typically consists of three digits. Other necessary information may include the exact name as it appears on card, the zip code/address to where the billing statement is mailed, and the expiration date of the card. This information is then manually keyed into the card terminal.

3. Do I have to accept credit cards for payments?

One of the best ways to ensure receipt of your patients' payment responsibilities is to offer the option of credit and debit card transactions to your patients. However, you have the option to accept or not accept credit card payments. Either way, your practice should convey clearly to patients what their payment policies are and which payment methods are accepted. Depending on your contractual obligation with your payer, you may or may not have to accept a credit card as a method of payment. You should review and evaluate your payer contract on an annual basis for re-negotiation needs. If your practice chooses to accept credit cards as a form of payment, be sure to review and understand your merchant card agreement and associated fees. Other forms of payment may include paper checks, direct deposit, or electronic funds transfer (EFT).

The health care electronic funds transfer (EFT) standard has been identified as the ACH CCD+, and, as with all Health Insurance Portability and Accountability Act (HIPAA) transactions, physicians can request the use of the HIPAA standard. Physicians may want to consider requesting the CCD+ for claims reimbursements, rather than credit card payments/reimbursements, because the HIPAA transaction is less costly to the physician and EFT via ACH payments are settled to the physician's bank accounts within the same timeframes as credit card transactions. Please visit the AMA's [EFT toolkit](#) for more information.

The AMA's [EFT toolkit](#) helps make the process of accepting EFT via ACH payments hassle-free and helps to promote savings in your practice. The toolkit outlines the steps to getting started, specific considerations for physician practices, and checklists of questions to ask your bank, health insurers, and your billing service or clearinghouse before signing an EFT agreement. The toolkit also provides an archived webinar with industry experts.

4. What should I look for in a good merchant agreement?

The AMA Practice Management Center has developed the educational resource, “[Shopping for a credit or debit card merchant agreement: Guidelines for physicians](#),” to help you improve your practice’s bottom line. Merchant card processing fees vary widely and a better contract could save your practice thousands of dollars a year. Access this resource to learn how to maximize the benefits of accepting credit and debit card payments by contracting with a payment processor that suits your practice’s specific needs and by recognizing how you can save on fees with your current processor.

5. How often should physician practices re-evaluate their merchant agreements and the related fees and charges?

Physician practices are encouraged to re-evaluate their merchant agreements and related fees annually to ensure they remain competitive.

6. What fees or charges are applied when I submit a credit or debit charge?

There are always fees associated with accepting cards for payments and the largest part of the fee that you will pay to accept cards is referred to as the “interchange fee.” This interchange fee varies based on the type of card, the charged amount, and the method by which the charge is processed. Usually there are fees defined according to the percentage of the charged amount plus cents per transaction, plus other merchant fees beyond the interchange fee. For consumer transactions, a debit card has a much lower interchange fee per transaction than a credit card. A credit card presented in person will have a lower fee than a “card-not-present” fee. Corporate credit cards or purchasing cards (i.e., payer claim payments) usually have higher fees than consumer cards, and, just like with consumer cards, these cards may also have higher fees for “card-not-present.”

Below are examples of average interchange fees for a credit card. The actual fee will vary depending on the exact card used, the fees of the company that processes the card transactions for you, and the dollar amount of each transaction charged.

Credit Card	Fee per transaction	Fee Calculations*
Consumer	1.54% + \$0.10	Patient’s co-pay of \$25.00 would generate a fee of \$0.39 + \$0.10 = \$0.49
Corporate	2.10% + \$0.10	Payer claim payment of \$25,000 would generate a fee of \$525.00 + \$0.10 = \$525.10

**These are transaction fees when the credit card is present. Additional fees apply when credit card is not present.*

*Source: NACHA, The Electronic Payments Association, 2012

7. What benefit, if any, does a payer incur from utilizing a corporate credit card?

Similar to consumer credit cards with rewards programs, corporate credit cards can also offer reward programs. A payer making claim payments via credit cards may earn “rebates” from its bank. Ask the payer if it is participating in a reward program.

8. What types of electronic payment for services are available instead of receiving paper checks or virtual credit cards?

If you choose to move away from paper checks and receive electronic payment, EFT via ACH is now the health care EFT standard and can be received from all payers. For patient co-payments credit and debit cards are options, along with Direct Payment via ACH for collection of larger outstanding balances.

Questions or concerns about practice management issues?

AMA members and their practice staff may e-mail the AMA Practice Management Center at practicemanagementcenter@ama-assn.org for assistance.

For additional information and resources, there are three easy ways to contact the AMA Practice Management Center:

- Call **(800) 621-8335** and ask for the AMA Practice Management Center.
- Fax information to **(312) 464-5541**.
- Visit www.ama-assn.org/go/pmc to access the AMA Practice Management Center website.

Physicians and their practice staff can also visit www.ama-assn.org/go/pmalerts to sign up for free Practice Management Alerts from the AMA Practice Management Center.

The Practice Management Center is a resource of the AMA Private Sector Advocacy unit.