



# NCVHS

National Committee on Vital and Health Statistics

September 23, 2014

The Honorable Sylvia M. Burwell  
Secretary, Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

Re: Findings from the June 2014 NCVHS Hearing on Virtual Credit Cards and Credit Card Use

Dear Madam Secretary,

The National Committee on Vital and Health statistics (NCVHS) is the statutory advisory committee with responsibility for providing recommendations on health information policy and standards to the Secretary of the Department of Health and Human Services (DHHS). Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), NCVHS advises the Secretary on the adoption of standards and code sets for the HIPAA transactions. The Patient Protection and Affordable Care Act (ACA) {Sec. 1104(g)(3)} enacted on March 23, 2010, calls for NCVHS to assist in the achievement of administrative simplification to “reduce the clerical burden on patients, health care providers, and health plans.”

Each year, NCVHS holds industry hearings to evaluate and review the standards, code sets, identifiers and operating rules adopted under the HIPAA and the ACA, and determine whether there is a need for updating and improving any of these standards and operating rules. NCVHS is pleased to present in this letter, findings from our June, 2014 Subcommittee on Standards hearing on the use of virtual credit cards (VCCs) and credit cards by health plans for payment of health care services to providers.

VCCs are generally 16-digit credit card numbers (without the plastic card) sent by a payer to a provider to pay for services rendered. Providers then enter the virtual card number in their regular payment system, and receive the payment. The use of VCCs is growing in the health care industry, and is seen as a method to minimize the use of printed and mailed paper checks.

At the June 2014 hearing, testifiers did not question or dispute the benefits of using VCCs and credit cards for payment of health care services. Rather,

several groups continued to express strong concerns with current business practices related to the VCCs and credit cards used to pay and transfer funds to providers for health services rendered. Specifically, concerns expressed by providers were consistent with, and expanded on similar findings and testimony from the February, 2014 hearing, and centered on the following themes:

- Added costs to providers, in the form of high transaction fees, with the consequent impact of reduced reimbursement.
- Lack of transparency in the process of enrolling or becoming a user of VCCs, and on the costs and fees associated with them.
- Lack of informed choices and use of coercive practices by some to force VCC acceptance with no or difficult opt-in and opt-out options.
- Financial incentives between banking and health plans to move providers to virtual card payment options.
- Degree to which virtual cards may not comply with HIPAA-defined EFT standards.
- Disincentives or barriers to the use of the named national HIPAA compliant electronic fund transfer (EFT) standard, in favor of using VCCs.
- Inefficiency with the use of VCCs related to:
  - Staff time required to manually key in credit card information.
  - Additional time required to resolve entry errors.
  - Current electronic remittance advice standard being used by the industry not able to carry credit card information necessitating manual reconciling processes.
- Current electronic remittance advice (ERA) standard does not include a code to identify credit cards or virtual cards as a valid payment option on health care claims.
- No code in VCCs to allow a provider to make a reassociation between a payments and claims and know which payment applies to which claim.

In addressing the concerns raised by the health care industry regarding the use of VCCs and credit cards, NCVHS acknowledges the importance of fostering innovation in payment methods in formulating its recommendations. NCVHS also recognizes that the theme of this hearing focused on the difficulties expressed by the industry on the use of virtual cards. Therefore, NCVHS believes that at this time there is a more pressing need to foster full transparency and disclosure, informed optionality, and to eliminate business practices that are restrictive or that force entities to adopt specific options without choice. NCVHS recognizes that there are health plans and providers who see the virtual credit card as a better value than other forms of payment. Consequently, NCVHS will stand ready to participate in future discussions regarding the use of virtual credit cards.

NCVHS believes that now is the time to advance the industry adoption of good business practices in the use of VCCs and CCs, and conformance with national standards, as electronic methods of payment further develop and mature. Accordingly, NCVHS recommends:

Recommendation 1 – HHS should issue guidance that:

- Defines whether, when, and how VCCs and CCs comply with national HIPAA-adopted standards for Electronic Funds Transfer (EFT) and Electronic Remittance Advice (ERA), and are valid options for health care claim payments.
- Clarifies and emphasizes the current provisions that prohibit practices that discourage or prevent the use of a national HIPAA-adopted standard, in lieu of other transaction methods.

Recommendation 2 – HHS should work with the health care industry and other appropriate agencies to:

- Encourage the increased adoption of EFT and ERA by identifying and disseminating best practices.
- Ensure there is full transparency, disclosure, and informed optionality between trading partners regarding the use of VCCs and CCs.
- Identify and encourage the use of nationally accepted good business practices in the financial sector with respect to the use of VCCs and CCs.
- Ensure that health care providers understand their rights with respect to acceptance or declining to accept VCCs and CCs as payment methods for their services.

Recommendation 3: HHS should work with the health care industry and other appropriate agencies to identify market-driven solutions that support the industry as it:

- Continues to innovate and improve administrative efficiency.
- Educates itself on the use of health care administrative transaction standards as it relates to VCCs and CCs.
- Identifies and emphasizes generally accepted best practices of electronic payment and VCC and CC use.
- Seeks to eliminate coercive business practices in the use of VCCs and CCs.
- Develops mechanisms to monitor and resolve inappropriate and unfair payment practices.

Closing Comments

NCVHS recognizes the challenges that the health care industry faces today and will continue to experience over the coming years as they adjust to these transformative changes in the use of credit cards/virtual cards as well as other innovative methods in payment transactions. NCVHS will continue to support your efforts to increase the adoption of standards and operating rules that help move the industry forward with technology to achieve greater efficiency.

Sincerely,

/s/

Larry A. Green, M.D. Chairperson,  
National Committee on Vital and Health Statistics

Cc: HHS Data Council Co-Chairs