



December 13, 2023

Dear Representatives Murphy, Miller-Meeks, Schrier, and Kilmer,

The Healthcare Business Management Association (HBMA) is pleased to endorse your legislation, the No Fees for EFTs Act. This bipartisan legislation will provide important and long overdue financial relief for physician practices by prohibiting health plans and their payment vendors from charging physician practices any fees for EFT transactions.

[HBMA](#) is a national non-profit professional trade association for the healthcare revenue cycle management industry. HBMA is a recognized revenue cycle management (RCM) authority by both the commercial insurance industry and the governmental agencies that regulate or otherwise affect the U.S. healthcare system.

HBMA members have an essential role in the operational and financial aspects of the healthcare system. Our work on behalf of medical practices allows physicians to focus their attention and resources on patient care - where it should be directed - instead of on the many administrative burdens they currently face. The RCM process involves everything from the lifecycle of a claim to credentialing, compliance, coding and managing participation in value-based payment programs.

Our members have grown increasingly frustrated by the pervasiveness of fees for EFT transactions. HIPAA was established to create standardized electronic transaction sets for which no fees would be permitted. [45 CFR 162.925](#) allows health plans to charge a nominal transaction fee to cover banking costs. This fee is estimated at about \$0.34 per transaction. The regulation does not permit health plans to charge any fees beyond this transaction fee for EFT payments conducted using the HIPAA transaction standard.

Unfortunately, some health plans use third-party companies to facilitate the EFT transaction on their behalf who have exploited what they view as a loophole in the EFT standard to charge healthcare providers a fee for EFT transactions. These fees, which typically range from 1% - 3%, are akin to an employer charging a fee to their employee for direct depositing their paycheck into their bank account instead of giving them a paper check.

As of 2022, [75% of claims payments were made](#) using the standard EFT transaction. The Centers for Medicare and Medicaid Services (CMS) has the authority to regulate the HIPAA transaction standards but is either unwilling or unable to use this authority to stop these fees. Your legislation will give CMS clear direction to close the EFT fee loophole.

The EFT fees must also be viewed within the larger context of the reimbursement challenges that practices face from all payers. Physicians have also been dealing with a constant stream of

Medicare reimbursement reductions and historic underpayments from Medicare – which have [lagged inflation](#) by over 20% since 2010.

The problem of EFT fees is further compounded by the prevalence of virtual credit cards (VCC), which is in many ways a larger issue than EFT fees. Many commercial health plans attempt to reimburse physicians for covered services using a VCC, which is an electronic credit card number that health plans provide to physicians to receive payment via their credit card processing system. VCCs carry a transaction fee just like any other credit card. Health plans cannot force physicians to accept VCC payment. They must allow physicians to opt-out of VCC payments and receive a standard EFT transaction instead. However, the opt-out process places an extreme administrative burdensome on practices.

What's more, the alternative EFT payment might carry a similar fee if the health plan uses a third-party payment vendor for their EFT transactions. While CMS has authority to regulate HIPAA transaction standard violations, CMS does not have any authority to regulate VCCs. Congressional action is needed to address this growing issue.

Enclosed with this letter are the results of an HBMA member survey from 2023 that illustrates the prevalence of EFT and VCC fees.

The No Fees for EFT Act will help close the loophole that companies exploit by prohibiting EFT fees in the operating rules for the EFT transaction standard. We greatly appreciate your leadership on this important issue. We hope your offices will follow this bill with legislation that also addresses the burdens imposed by VCCs.

Please do not hesitate to contact HBMA Director of Government Affairs Matt Reiter (reiterm@capitolassociates.com) or HBMA Executive Director Brad Lund (brad@hbma.org) if you wish to discuss our recommendations in more detail.

Sincerely,

Landon Tooke

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President
Healthcare Business Management Association