

CO-SPONSORSHIP MEMORANDUM

DATE: June 12, 2025

TO: All Legislators

FROM: Representative Clint Moses and Senator Rachael Cabral-Guevara

RE: Co-Sponsorship of LRB-2067 relating to: virtual credit card payments in health insurance policies.

DEADLINE: 5pm on Friday, June 20th, 2025

Virtual credit cards are a relatively new financial tool that are being increasingly utilized in business-to-business transactions. Virtual cards function just like physical credit cards, and offer enhanced security measures that increase transparency in transactions which can help detect and fight fraud.

While virtual credit cards are not inherently problematic, some health insurance companies are requiring health care providers to accept reimbursement in the form of virtual credit card payments, which oftentimes includes a significant transaction fee. **This is having a detrimental impact on small business health care providers and increasing the cost of care for patients.**

Efficiencies gained by an insurance company should not come at the expense of patients. Adding an extra expense in the form of transaction fees does not lower health care costs. Providers can best serve patients when they have options on how to accept payment, with or without fees that all parties can knowingly agree to from the outset.

LRB-2067 would prohibit insurance companies from forcing health care providers to be paid only through high-fee virtual credit cards. **The bill does not prohibit this payment method** but requires that providers be informed of other payment options and given the option of a different payment method.

Providers should be able to explore a variety of fee-free claim payment methods that ultimately reduce overall costs for their patients and practice. Under this bill, health care providers would no longer be forced to solely accept a payment method that may come with a fee of as much as 5%.

At least 28 states have passed laws preventing insurers from requiring fee-based credit card payments as the sole method of reimbursing providers.

If you are interested in co-sponsoring LRB-2067, please contact Rep. Moses' office at 9192 or Sen. Cabral-Guevara's office at 6-0718 by Friday, June 20th, 2025 by 5pm. All co-sponsors will be added to both versions of the bill unless otherwise specified.

Analysis by the Legislative Reference Bureau

Under this bill, an insurer that offers a health insurance policy may not require a health care provider to accept payments under the health insurance policy via virtual credit card payment. The bill requires an insurer to inform a health care provider of the fees associated with any available payment methods and how to select a payment method other than virtual credit card payments before providing a payment via virtual credit card payment. The bill defines "virtual credit card payment" as an electronic funds transfer in which an insurer issues a single-use series of numbers that are associated with a payment, are chargeable to a predetermined dollar amount, and expire upon payment processing.

Additionally, under the bill, if an insurer transmits a payment to a health care provider in accordance with certain federal standards for transmitting electronic funds, the insurer may not charge a fee solely for the transmission, unless the provider has consented to the fee.

Health insurance policies are referred to in the bill as disability insurance policies.