

Credit and Debit Card Processing for Medical Practices

An Informational Guide

Introduction

A physician must be concerned with two separate but equally important aspects of running his or her practice — the well-being of patients and the viability of the business. Physicians must be mindful of their patients' needs and the factors that contribute to their health issues, including the stress that may come from financial difficulties. But responsibilities to patients must still be weighed evenly with the financial well-being of the practice, including such issues as billing, collections, front-desk operations, and confidentiality of patient records. Even with the assistance of office staff and outsourced consultants, physicians who manage practices increasingly find themselves spending less time than they would like with their patients. Economic uncertainty, ever-changing government regulations, and the requirements of insurance companies also contribute to this unsettled environment. However, there are solutions, and many of them are simple and inexpensive. Physicians may be surprised to discover that accepting credit and debit card payments in their practice can make an effective and positive difference in their relationships with their patients and in the health of their businesses.

Credit and Debit Cards — Who, How, and Why

In spite of economic changes and a general post-recession trend toward saving versus spending, U.S. Census Bureau statistics indicate that approximately 181 million Americans charged more than \$2 billion with their credit cards in 2010. At the same time, according to Visa[®] and MasterCard[®], during 2010 there were 541 million debit cards in U.S. circulation. One key reason for this heavy market penetration is convenience. While it was common in the past for consumers to use credit and debit cards in retail establishments and restaurants, the development of new processing software and simplified authorization procedures has made it easier for businesses and service providers in all fields to provide this convenience to their customers.

As people have become accustomed to using their cards in more varied payment situations, they tend to react negatively when the option is not available to them. Statistics from the research firm Javelin Strategy & Research show that in 2011, more than 50 percent of consumers used credit and debit cards to pay for goods and services, with only 21 percent opting for cash. Additionally, conversations in online business forums in several industries suggest that customers will seek business elsewhere if not offered the option to pay with a credit or debit card, not only because of the convenience but also because the willingness to accept credit and debit cards serves as a demonstration of a business or service provider's legitimacy in the marketplace. In the case of a medical practice, this could mean that more patients are

likely to opt for the use of payment cards if given the choice, and that could translate to more new patients and potentially lower patient attrition for an individual practice.

Should Physicians Accept Credit and Debit Cards?

Statistics from the American Medical Association indicate that as recently as 2010, up to one-third of medical practices did not accept credit or debit cards as payment from patients. At the same time, earlier this year, an article in the AMA publication *American Medical News* indicated an increasing number of medical practices are reaping the benefits of credit and debit card acceptance, with some even going so far as to completely eliminate cash payments. While not every practice will choose to go this far, it does indicate a trend toward acknowledgment that accepting credit and debit cards can contribute to a practice's efficiency and business growth — and this in turn can have a strong positive impact on patient well-being.

There are several reasons a practice might choose to accept credit and debit cards for patient payment. Among them are:

- **Cost-effectiveness.** In order to provide patients the most effective care, practices must be financially sound — and part of that means keeping a close eye on patient payments. Accepting credit and debit cards helps reduce the need to bill patients or send their accounts to collections because patients are likely to have cards with them when they arrive for appointments. More payments at the time of service can only be beneficial to a practice's bottom line. And while there are fees for accepting credit and debit cards, those fees are typically less than 5 percent of the total transaction processing volume.
- **Improved efficiency.** Whether it's as simple as avoiding a crowd at the office's payment desk or as complex as insurance and billing, accepting credit and debit cards can help make a practice's payment management faster, better organized, and less prone to errors. Fewer cash payments mean less money being stored on site during office hours, less time-consuming writing of receipts, and reduced risk of staff embezzlement. Processing solutions can let the business staff create customized reports, set up recurring payments, and store relevant patient payment information in multidesk environments.
- **Flexible equipment.** What kind of payment processing equipment works best for a practice? The answer is different for every physician and office manager. A practice may want a front-desk card swiping terminal, or may want to work with software that can be integrated into an existing electronic records management system. Some practices may prefer a simple dial-up connection, an Internet-based protocol, or payment that works from a mobile device.

Factors to Consider in Selecting a Processor

Physicians and/or office managers should ask the following questions when thinking about doing business with companies that provide credit and debit card processing services:

1. **Who is the company?** Some payment processing providers are new to the industry, or are just subsidiary divisions of large multinational corporations with little concern for that end of their business. Look for solid experience and a proven track record.
2. **What are the fees on the merchant statement?** Processors may charge “service fees” without explaining what the services are. A payment processor should provide you an itemized list detailing what every fee is for, with no hidden surprises or arcane numbers.
3. **How secure is patient data?** This is a major concern for medical practices, which must comply with HIPAA regulations and insurance requirements. When a patient or practice employee swipes a credit or debit card, he or she should be confident the payment processor is using state-of-the-art security technology to protect the customer’s identifying information. The processor also should offer some form of financial protection in the event of a security breach — the loss of patients’ data could cost thousands of dollars.
4. **How easy is it to get customer support?** Look for a company that offers offers 24/7 merchant support, 365 days a year. A company that understands the needs of medical practices is a plus.
5. **What other services are available?** As a practice grows, it is important that the payment processor has the capability to grow at the same pace. A processor should be able to offer multiple options for additional accounts, different kinds of equipment, and processing products that always make it easy and cost-effective to accept credit and debit cards. Consider the processor’s ability to accept all types of payment cards, electronic funds transfer, and check processing as well.

Conclusion

The decision to accept credit and debit cards for payment from patients is an important step that should be carefully considered. Ultimately, it is likely that a practice will see strong positive benefits, both financial and in patient goodwill, by accepting these payments.

Solveras, a division of TransFirst[®], is a Texas Medical Association-endorsed company. Solveras’ collaborative, customized solutions streamline payment processing and help improve back-office and marketing operations for thousands of medical professionals. In 2011, practices that underwent Solveras’ free statement analysis saw an average annual savings of \$1,779. In addition, Solveras provides TMA members exclusive offers and programs created just for their practices.