

# Fees for Electronic Payments are Bleeding Physician Practices

---

## September 06, 2023

Making physicians pay to get paid is a bad idea, according to a national trade organization for health care management.

The Medical Group Management Association (MGMA) has issued a position paper against fees imposed by health plans and third-party vendors for physicians who receive electronic payments. Known as electronic funds transfer (EFT) fees and usually running 2% to 5%, the additional expenses are unwarranted and “remain a major concern impacting medical groups’ ability to provide cost-effective care.”

The number of involved practices could be large. In a survey earlier this year, two-thirds of medical practices reported that more than 75% of their annual revenue is paid via EFT.

MGMA is calling on Congress to bar health plans and vendors from charging “predatory” fees for EFT payments. Legislation must be clear and the U.S. Centers for Medicare & Medicaid Services (CMS) should follow up with guidance declaring the prohibition on fees for processing EFT payments through the Automated Clearinghouse (ACH) Network. ACH is the nationwide network that allows businesses, people, and government organizations to send and receive payments.

# Fees for Electronic Payments are Bleeding Physician Practices

---

## Cont'd

MGMA is not the only entity complaining about the fees. Its position paper was published the same day as a report by the nonprofit news organization ProPublica detailing how CMS erased its rule that prohibited EFT fees.

### **Timetable of Rules**

The issue dates from 2017, when CMS removed industry guidance from its website that prohibited health plans and their payment processors from using “unfair business practices that do not support an efficient healthcare system,” according to MGMA.

CMS allowed the provider’s financial institutions to impose EFT processing fees, which were about 34 cents at that time.

CMS also explained that providers were not required to contract with payment vendors for value-added services, which now are required for payment even if providers don’t use them. Now, certain health plans require medical practices to use their third-party vendors to receive electronic payments.

# Fees for Electronic Payments are Bleeding Physician Practices

---

## Cont'd

Physicians and other providers can opt out of electronic transfers, but then are paid with checks or virtual credit cards that have their own fees and administrative hassles.

“Underlying all of this is the asymmetric ability of providers – frequently small and independent practices – to negotiate with health plans and vendors to receive timely payment,” the MGMA position paper said. “This predatory practice harms providers and is contrary to CMS’ statutory obligation to reduce the administrative costs of providing and paying for health care.”

In 2022 guidelines, CMS clarified payment guidelines, which MGMA said was a welcome development, but did not fully reinstate the 2017 industry guidance.

### **Survey States**

MGMA published results of a survey of almost 150 medical groups:

- ⇒ Two-thirds of practices reported insurers are charging them fees they did not agree to when sending payments via EFT.
- ⇒ Practices reported estimated fees of up to \$1,000,000 annually, although a majority reported \$100,000 or less.

# Fees for Electronic Payments are Bleeding Physician Practices

---

## Cont'd

- ⇒ On average, practices report that 22% of claims are subject to EFT fees.
- ⇒ One in five respondents report that Medicare Advantage plans are levying EFT fees.