

**Position Statement
on
Virtual Credit Card Payments
(Approved by the Board of Directors: May 4, 2024)**

Virtual Credit Card (VCC) payments have increasingly become a common means of payment from insurance companies to medical practices. While VCCs offer some enhanced security and efficiency, they implicate the practice in significant direct and indirect costs. Accepting these payments means accepting merchant fees of between 3-5% of a total claim payment (as reported by the American Medical Association), increased workload to process and track one additional payment method, and greater risk of embezzlement due to potential misappropriation of funds. Additionally, the process to opt-out is deliberately designed to be cumbersome or impractical if a practitioner attempts to do so preemptively, resulting in prolonged payment delays for practices; and some insurance companies withhold Electronic Remittance Advices (ERAs) unless practitioners opt-in. Moreover, while practices bear these fees, insurance companies may be motivated with rebates of up to 1.75% to adopt this payment method. Given the seemingly profit-driven nature of VCCs, the American Academy of Dermatology strongly supports dermatologists' right to refuse VCC payments instead opting for a different electronic fee transaction (EFT) option or other traditional forms of payment such as paper checks which are a completely fee-free option. Further the Academy encourages dermatology practices to consider security, cost, and administrative impacting when choosing reasonable payment methods. And practices should carefully examine insurance contracts to identify clauses related to VCCs and associated fees, paying close attention to language about opting-out to ensure the implementation of alternative options.

This Position Statement is provided for educational and informational purposes only. It is intended to offer physicians guiding principles and policies regarding the practice of dermatology. This Position Statement is not intended to establish a legal or medical standard of care. Physicians should use their personal and professional judgment in interpreting these guidelines and applying them to the particular circumstances of their individual practice arrangements.

OWNER: Practice Management

Reviewed: 05/04/24