



Medical groups continue to have fees imposed by health plans and third-party vendors for receiving electronic payments. Protecting the financial viability of medical group practices is essential to a well-functioning healthcare system. Inherent in this goal is advocating against predatory fees that unnecessarily increase costs for providers and patients with no added value.

THE PROBLEM

As part of the *Affordable Care Act*, health plans are required to offer medical practices the option of receiving reimbursement through a standardized Electronic Funds Transfer (EFT) method. In 2017, the Centers for Medicare & Medicaid Services (CMS) removed industry [guidance](#) from its website that unambiguously prohibited health plans and their payment processing vendors from engaging in unfair business practices that do not support an efficient healthcare system.

This 2017 FAQ encouraged widespread adoption of cost-saving EFT payments and instructed plans and payers that only the provider's financial institution may impose a fee to process EFT payments through the Automated Clearinghouse (ACH) Network (when the FAQ was published, the national bank fee was about \$0.34). This guidance explained that providers are not required to contract with payment vendors for value-added services. These value-added services are often not offered as an option by health plans, but as a requirement for payment even if the provider does not wish to use them. In March of 2022, CMS issued an [FAQ](#) that did not fully reinstate the 2017 FAQ, but clarified certain payment practices related to EFT transactions. While a welcomed development from CMS, it has not solved the problem as MGMA continues to hear from medical groups about fees they are being charged to receive EFT payments.

Certain health plans require practices to utilize their third-party vendor if they are to receive electronic payment. These third-party vendors then charge a percentage fee (typically 2-5%) on the EFT transaction. If providers do not sign up for electronic payment, they must receive reimbursement through checks in the mail or virtual credit cards that also require fees, causing additional unnecessary administrative burden. 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. This predatory practice harms providers and is contrary to CMS' statutory obligation to reduce the administrative costs of providing and paying for healthcare.

PREDATORY EFT PRACTICES BY THE NUMBERS

In April 2023, MGMA conducted a survey of close to 150 medical groups and found that:

- Two-thirds of practices reported that **over 75% of their practice's annual revenue is paid via EFT.**
- Two-thirds of practices reported that **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.
- Practices reported that, on average, **22% of claims are subject to EFT fees.**
- One in five practices reported that **Medicare Advantage plans are levying EFT fees.**



WHAT MEDICAL PRACTICES ARE SAYING

- “Contacted the payers and have been told the only way to receive payment is by these companies that charge fees.”
- “The fees started in the middle of COVID-19 at a time when practices were vulnerable. We, the small practices, should not be forced to need to pay the multibillion-dollar insurance companies a monthly fee in order to access EFT files — everything is already digital...”
- “It is a significant financial and administrative burden to the practice. For many smaller (and some not so small) payers, our hands are tied because they only work with the third party companies that charge ridiculous fees for processing EFT's.”

As the above survey results and quotes illustrate, unwarranted EFT fees remain a major concern impacting medical groups' ability to provide cost-effective care. Action is needed from policymakers.

ADVOCACY PRIORITIES

- ➔ Congress should **codify protections prohibiting health plans and vendors from charging predatory fees for EFT payments**. Potential legislation would clarify in plain language that plans and their vendors are prohibited from imposing fees for EFT payment.
- ➔ CMS should **release guidance clearly stating that levying fees for processing EFT payments through the ACH Network is prohibited**.