

Benefits and costs of accepting credit cards in your practice

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Are you tired of waiting for checks in the mail? Do patients leave without paying their balance? Streamlining revenue collection by taking credit cards is a tantalizing antidote to these ills, but it has downsides. Weighing the value for you and your patients is necessary before you decide on this important practice management policy.

Clinical and practical advantages

Many patients prefer that their health care practitioners take credit cards, because it simplifies their busy lives—and who carries a checkbook anymore? Patients can put the whole session to good use without sacrificing time taking care of payment. They also can receive credit card rewards for their payment, or use health savings accounts, health reimbursement accounts, or flexible spending debit cards, making treatment more affordable.

Benefits of credit cards

Accepting credit cards has many benefits:

- Allows more time in a session to focus on clinical matters because you do not have to allocate time to collect payment, which might include dealing with a forgotten checkbook or a request for a change in your payment policies.
- Easier to collect payment for no-shows. This could result in a reduced no-show rate, because a patient might feel more accountable to show up knowing that his (her) credit card is on file.
- Saves time recording and depositing checks.
- Avoids bounced checks and collection agencies.

Money doesn't grow on trees

Although there are advantages to accepting credit cards, several costs should be considered. Some practitioners feel that accepting credit cards makes their practice seem like a commercial business. There also is an expense of accepting credit cards, and understanding these costs can be confusing because there are different processing systems of rates. Whether the rate is flat, tiered, or wholesale, you always will pay a percentage of the transaction, plus a transaction fee.

Here are some general guidelines on rates:

- Debit cards are the least expensive to process but often have low spending limits.
- Rewards cards, such as frequent flyer cards, are the most expensive to process. Have you ever wondered who foots the bill for those frequent flyer miles? It's not the airline; it's the merchant (you).
- For tiered rates, swiping cards is typically cheaper than typing in the credit card info. Tiered rates often have low rates, known as "teaser" rates, because they are applicable in far fewer cases.
- For flat or wholesale rates, securely saving credit card numbers is not any more expensive than swiping a card, and saves

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Disclosure

Dr. Braslow is the founder of Luminello.com.

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time in the long run and potential awkwardness at the end of a session.

- A higher volume of processed credit cards might allow you to negotiate your rates.
- Check if your bank offers a less expensive option. Some banks offer preferred rates for their customers.

Also consider the time and possible expense of ensuring that you are Payment Card Industry Data Security Standard compliant (information security standards that aim to keep cardholder data secure).

Different methods of processing transactions have varying levels of requirements:

- A swiping reader with a terminal connected to a telephone line is more secure than through the Internet and carries fewer compliance burdens. Use a reader that can handle chip-cards, because you could be liable for fraudulent transactions.
- Do not save or store credit card numbers you typed yourself. Compliance is less

burdensome if patients input credit card data into a secure portal.

- Store credit card data securely via your credit card processing partner, although the partner is still at risk of a data breach. Practitioners should weigh the value of convenience vs security.

- If there is a data breach and you are found negligent you could be fined \$5,000 to \$100,000 per month, depending on whether you are a large company or solo practice.

Bottom dollar

Credit card processing has significant advantages from both a practice management and clinical standpoint. Because prices for services vary, shop around to find the best rates and educate yourself about security requirements. Taking the time to research these matters can pay off in the long term.