STATE OF NEW YORK

9621

IN SENATE

May 16, 2024

Introduced by Sen. COONEY -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law and the public health law, in relation to the use of virtual credit cards by insurers and certain health care plans

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 3217-b of the insurance law is amended by adding a new subsection (p) to read as follows:

(p)(1) An insurer may pay a claim for reimbursement made by a provider using a credit card, virtual credit card, or electronic funds transfer payment method that imposes on the provider a fee or similar charge to process the payment if in advance of using such reimbursement method:

(A) The insurer notifies the provider of the potential fees or other charges associated with the use of the credit card, virtual credit card, or electronic funds transfer payment;

(B) The insurer offers the provider an alternative payment method that does not impose fees or similar charges on the provider; and

(C) The provider or a designee of the provider elects to accept payment of the claim using the credit card, virtual credit card, or electronic funds transfer payment method.

(2) A decision pursuant to paragraph one of this subsection shall remain in effect until the provider changes the designated payment type.

(3) If an insurer contracts with a vendor to process payments of providers' claims, the insurer shall require the vendor to comply with the provisions of paragraph one of this subsection.

(4) No policy or contract issued, renewed, modified, altered or amended after the effective date of this section shall contain provisions allowing for waiver of the notice requirements contained in this subsection.

(5) For any contract that is in effect on or before the effective date of this subsection or that is entered into, amended or renewed on or after the effective date of this subsection, a carrier that initiates a payment to a provider using, or changes the payment method to, a health

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD15654-01-4

care electronic funds transfers and remittance advice transaction shall not charge a fee solely to transmit the payment to the provider unless the provider consents to the fee.

(6) For purposes of this subsection, the following terms shall have the following meanings:

(A) "Provider" shall mean an individual or group of individuals licensed pursuant to title eight of the education law.

(B) "Virtual credit card" shall mean a single-use series of numbers linked to a fixed dollar amount and provided by an insurer to a provider for the purpose of paying a claim for health care services performed by the provider.

§ 2. The insurance law is amended by adding a new section 4242 to read as follows:

§ 4242. Use of virtual credit cards. (a) An insurer may pay a claim for reimbursement made by a provider using a credit card, virtual credit card, or electronic funds transfer payment method that imposes on the provider a fee or similar charge to process the payment if in advance of using such reimbursement method:

(1) The insurer notifies the provider of the potential fees or other charges associated with the use of the credit card, virtual credit card, or electronic funds transfer payment;

(2) The insurer offers the provider an alternative payment method that does not impose fees or similar charges on the provider; and

(3) The provider or a designee of the provider elects to accept payment of the claim using the credit card, virtual credit card, or electronic funds transfer payment method.

(b) A decision pursuant to subsection (a) of this section shall remain in effect until the provider changes the designated payment type.

(c) If an insurer contracts with a vendor to process payments of providers' claims, the insurer shall require the vendor to comply with the provisions of subsection (a) of this section.

(d) No policy or contract issued, renewed, modified, altered or amended after the effective date of this section shall contain provisions allowing for waiver of the notice requirements contained in this section.

(e) For any contract that is in effect on or before the effective date of this section or that is entered into, amended or renewed on or after the effective date of this section, a carrier that initiates a payment to a provider using, or changes the payment method to, a health care electronic funds transfers and remittance advice transaction shall not charge a fee solely to transmit the payment to the provider unless the provider consents to the fee.

(f) For purposes of this section, the following terms shall have the following meanings:

(1) "Provider" shall mean an individual or group of individuals licensed pursuant to title eight of the education law.

(2) "Virtual credit card" shall mean a single-use series of numbers linked to a fixed dollar amount and provided by an insurer to a provider for the purpose of paying a claim for health care services performed by the provider.

§ 3. Section 4325 of the insurance law is amended by adding a new subsection (p) to read as follows:

(p) (1) A corporation organized under this article may pay a claim for reimbursement made by a provider using a credit card, virtual credit card, or electronic funds transfer payment method that imposes on the

provider a fee or similar charge to process the payment if in advance of using such reimbursement method:

(A) The insurer notifies the provider of the potential fees or other charges associated with the use of the credit card, virtual credit card, or electronic funds transfer payment;

(B) The insurer offers the provider an alternative payment method that does not impose fees or similar charges on the provider; and

(C) The provider or a designee of the provider elects to accept payment of the claim using the credit card, virtual credit card, or electronic funds transfer payment method.

(2) A decision pursuant to paragraph one of this subsection shall remain in effect until the provider changes the designated payment type.

(3) If an insurer contracts with a vendor to process payments of providers' claims, the insurer shall require the vendor to comply with the provisions of paragraph one of this subsection.

(4) No policy or contract issued, renewed, modified, altered or amended after the effective date of this section shall contain provisions allowing for waiver of the notice requirements contained in this subsection.

(5) For any contract that is in effect on or before the effective date of this subsection or that is entered into, amended or renewed on or after the effective date of this subsection, a carrier that initiates a payment to a provider using, or changes the payment method to, a health care electronic funds transfers and remittance advice transaction shall not charge a fee solely to transmit the payment to the provider unless the provider consents to the fee.

(6) For purposes of this subsection, the following terms shall have the following meanings:

(A) "Provider" shall mean an individual or group of individuals licensed pursuant to title eight of the education law.

(B) "Virtual credit card" shall mean a single-use series of numbers linked to a fixed dollar amount and provided by a corporation organized under this article to a provider for the purpose of paying a claim for health care services performed by the provider.

§ 4. Section 4406-c of the public health law is amended by adding a new subdivision 14 to read as follows:

14. (a) A health plan may pay a claim for reimbursement made by a provider using a credit card, virtual credit card, or electronic funds transfer payment method that imposes on the provider a fee or similar charge to process the payment if in advance of using such reimbursement method:

(i) The insurer notifies the provider of the potential fees or other charges associated with the use of the credit card, virtual credit card, or electronic funds transfer payment;

(ii) The insurer offers the provider an alternative payment method that does not impose fees or similar charges on the provider; and

(iii) The provider or a designee of the provider elects to accept payment of the claim using the credit card, virtual credit card, or electronic funds transfer payment method.

(b) A decision pursuant to paragraph (a) of this subdivision shall remain in effect until the provider changes the designated payment type.

(c) If an insurer contracts with a vendor to process payments of providers' claims, the insurer shall require the vendor to comply with the provisions of paragraph (a) of this subdivision.

(d) No policy or contract issued, renewed, modified, altered or amended after the effective date of this section shall contain

provisions allowing for waiver of the notice requirements contained in this subdivision.

(e) For any contract that is in effect on or before the effective date of this subdivision or that is entered into, amended or renewed on or after the effective date of this subdivision, a carrier that initiates a payment to a provider using, or changes the payment method to, a health care electronic funds transfers and remittance advice transaction shall not charge a fee solely to transmit the payment to the provider unless the provider consents to the fee.

(f) For purposes of this section, the following definitions shall apply:

(i) "Provider" shall mean an individual or group of individuals licensed pursuant to title eight of the education law.

(ii) "Virtual credit card" shall mean a single-use series of numbers linked to a fixed dollar amount and provided by an insurer to a provider for the purpose of paying a claim for health care services performed by the provider.

§ 5. This act shall take effect immediately and shall apply to policies and contracts issued, renewed, modified, altered or amended on and after such date.