STATE OF NEW YORK

8817

IN SENATE

January 8, 2026

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

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; and to amend a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, in relation to the effectiveness thereof

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

Section 1. Subsection (p) of section 3217-b of the insurance law, as added by a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, is amended 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 specifically identified fee or similar dedicated 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. **Such payment type election shall be made by the provider within thirty days of receipt of the notice from the insurer. If the provider fails to make any payment type election within thirty days, the insurer shall pay the provider using the alternative payment method offered in the notice unless the insurer is unable to pay the provider using that alternative method due to the**

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

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insurer lacking information necessary to make the alternative payment. In that instance, the insurer may use another fee-free method of payment in order to meet the timeframes established in section three thousand two hundred twenty-four-a of this article.

(2) A decision pursuant to paragraph one of this subsection shall remain in effect until the provider notifies the insurer, in writing, of a change in 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. **This paragraph shall not apply to a vendor used by the provider in order to receive payments from an insurer.**

(4) No [~~policy or~~] contract **between an insurer and provider** issued, renewed, modified, altered or amended after the effective date of this [~~section~~] **subsection** 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, an insurer 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~~] **elects to accept payment in accordance with subparagraph (C) of paragraph one of this subsection**.

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

(A) "Provider" shall mean a health care professional or a group of health care professionals licensed pursuant to title eight of the education law that has a participating provider contract with an insurer to provide health care services to an insured.

(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. Subsection (p) of section 4325 of the insurance law, as added by a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, is amended 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 specifically identified fee or similar charge dedicated to process the payment if in advance of using such reimbursement method:

(A) The corporation 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 corporation 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. **Such payment type election shall be made by the provider within thirty days of receipt of the notice from the insurer. If the provider fails to make any payment type election within thirty days, the insurer shall pay the provider using the alternative payment method offered in the notice unless the insurer**

is unable to pay the provider using that alternative method due to the insurer lacking information necessary to make the alternative payment. In that instance, the insurer may use another fee-free method of payment in order to meet the timeframes established in section three thousand two hundred twenty-four-a of this chapter.

(2) A decision pursuant to paragraph one of this subsection shall remain in effect until the provider notifies the corporation, in writing, of a change to the designated payment type.

(3) If a corporation 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. **This paragraph shall not apply to a vendor used by the provider in order to receive payments from an insurer.**

(4) No [~~policy or~~] contract **between a corporation organized under this article and provider** issued, renewed, modified, altered or amended after the effective date of this [~~section~~] **subsection** 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 corporation 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 elects to accept payment in accordance with subparagraph [~~(B)~~] **(C)** of paragraph one of this subsection.

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

(A) "Provider" shall mean a health care professional or a group of health care professionals licensed pursuant to title eight of the education law that has a participating provider contract with a corporation to provide health care services to an insured.

(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.

§ 3. Subdivision 14 of section 4406-c of the public health law, as added by a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, is amended to read as follows:

14. (a) A health care 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 specifically identified fee or similar dedicated charge to process the payment if in advance of using such reimbursement method:

(i) The health care plan 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 health care plan 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. **Such payment type election shall be made by the provider within thirty days of receipt of the notice from the insurer. If the provider fails to make any payment type**

election within thirty days, the insurer shall pay the provider using the alternative payment method offered in the notice unless the insurer is unable to pay the provider using that alternative method due to the insurer lacking information necessary to make the alternative payment. In that instance, the insurer may use another fee-free method of payment in order to meet the timeframes established in section three thousand two hundred twenty-four-a of the insurance law.

(b) A decision pursuant to paragraph (a) of this subdivision shall remain in effect until the provider notifies the health care plan, in writing, of a change to the designated payment type.

(c) If a health care plan contracts with a vendor to process payments of providers' claims, the health care plan shall require the vendor to comply with the provisions of paragraph (a) of this subdivision. This paragraph shall not apply to a vendor used by the provider in order to receive payments from an insurer.

(d) No [~~policy or~~] contract between a health care plan and provider issued, renewed, modified, altered or amended after the effective date of this [~~section~~] subdivision 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 health care plan 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 elects to accept payment in accordance with subparagraph [~~(ii)~~] (iii) of paragraph (a) of this subdivision.

(f) For purposes of this [~~section~~] subdivision, the following definitions shall apply:

(i) "Provider" shall mean a health care professional or a group of health care professionals licensed pursuant to title eight of the education law that has a participating provider contract with a health care plan to provide health care services to an enrollee.

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

§ 4. Section 4 of a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, is amended to read as follows:

§ 4. This act shall take effect on the one hundred eightieth day after it shall have become a law and shall apply to [~~policies and~~] contracts issued, renewed, modified, altered or amended on and after such date.

§ 5. This act shall take effect immediately; provided, however, sections one, two, and three of this act shall take effect on the same date and in the same manner as a chapter of the laws of 2025 amending the insurance law and the public health law relating to the use of virtual credit cards by insurers and certain health care plans, as proposed in legislative bills numbers S. 2105-A and A. 3986-A, takes effect.