



**Testimony Before the Assembly Health Committee, A.4913, January 12, 2023**

Good morning, Mr. Chairman, and members of the Committee. My name is Jim Schulz, and I am the Director of Governmental and Public Affairs for the NJ Dental Association. With me today is Dr. Mark Lipkowitz, a retired general dentist from Ridgewood, NJ, who saw firsthand the effects VCCs can have on the management of a dental practice. In addition to this testimony, I am about to give, I have provided other written materials for your review.

Mr. Chairman, I want to thank you and Assemblyman Stanley for your sponsorship and leadership on this important legislation. A.4913 stops the abusive insurance practice of providing claims repayment to healthcare providers by way of virtual credit cards, which has become a growing and common practice for more than a decade.

This practice is particularly egregious in that plans often insinuate that this is the only way to receive claims payment remuneration, when, in fact, federal rules provide that other alternatives must also be offered. This legislation simply states that healthcare providers be paid via electronic fund transfer or via a good old-fashioned check, whichever is their choice.

Here in New Jersey, the average dental practice generates \$500,000 to \$1,200,000 in gross revenue a year. What's more, nearly 60 percent of the practices in New Jersey are solo practitioners, with almost 90 percent of the practice locations having 2 or fewer dentists. The net financial impact on practices forced to use virtual credit cards can be seismic.

For a practice that generates \$1 million per year in claims payment credit card transaction fees can approach \$50,000 annually. Think about it for a minute. That's \$50,000 that cannot be used to hire a new employee, nor pay more to existing employees, nor improve benefit incentives for those employees, nor invest in new technology to improve the patient experience and access to care. All because of an unnecessary use of virtual credit cards.

Additionally, New Jersey would not be breaking new policy ground in this area. To date, 19 states have enacted laws addressing this issue. While no state has outright banned the usage of virtual credit cards, there has been clear and concise policy made on giving the right to the healthcare providers on choice and transparency. Moreover, the National Conference of Insurance Legislators has adopted model legislation to address this issue too.

<https://ncoil.org/2020/12/28/ncoil-adopts-transparency-in-dental-benefits-contracting-model-act/>

Thank you, Mr. Chairman, and members of the committee, for your time today. I urge you to please vote yes to release this bill from the Health Committee. As always, I am happy to address any questions or may have.