

Date: February 11, 2026

To: The House Committee on Insurance

From: Kevin J. Robertson, CAE
Executive Director

RE: **Support of HB 2564** – Virtual Credit Card payments

Chairman Sutton and members of the Committee, I am Kevin Robertson, Executive Director of the Kansas Dental Association (KDA) representing the 1,671 dentists in the state of Kansas. Thank you for squeezing a hearing into your tight committee schedule to allow me the opportunity to discuss the KDA's **support of HB 2564**.

HB 2564 was introduced by Rep. Allen Reavis at the request of the KDA. It contains only one section of the National Council of Insurance Legislators (NCOIL) model legislation that they recently readopted with amendments at NCOIL's meeting in November regarding virtual credit card payments and the way insurance carriers pay their provider dentists for claims.

As background, in 2022 the legislature passed legislation intended to fix the problem we're discussing again today. That problem was (and still is) that many insurance carriers require their dental providers to receive compensation or reimbursement for claims via virtual credit card. Let me make it clear that we're not talking about how patients are reimbursed or pay for services – HB 2564 is about how insurance carriers pay the dentist.

What could be bad about that being paid by a virtual credit card? It sounds easy enough? The problem is with virtual credit card payments come with fees! The dentist submits a claim to the insurance carrier, the insurance carrier basically faxes back a page with the credit card number that they redeem to get paid. This sounds nice and efficient, but the dentist can get stuck with a credit card processing fee approaching 5%! An overwhelming majority of dentists across Kansas operate dental practices that are small businesses with tight bottom lines! They are doing their best to hold down unnecessary and burdensome costs while serving the community. Yet, in some cases, the insurance carrier actually receives a share of the revenue generated from these transaction fees.

So, a local dentist joins the provider network of the insurance carrier that is providing dental coverage to the employees of a local business in the community. As part of the network agreement, the dentist may have agreed to accept a payment schedule at 70% (probably lower) of their usual and customary fees. The dentist submits and then receives payments on their

claims and is paid via a virtual credit card that has 5% transaction fee. Though this may be cost efficient for the insurance carrier, the 70% payment that the dentist agreed to is now only 65% and to add insult to injury the insurance carrier received a 2% commission on the total fees collected!

In 2022, the Legislature adopted legislation to require insurance carriers to provide information on virtual credit card fees and offer dentists an alternative method of payment without fees.

I'm pleased to say that was done and many dentists opted-out of receiving payment via virtual credit card with fees attached. Not so fast! Many insurance carriers arbitrarily began opting dentists back into receiving payment via virtual credit card after as little as three months and then the opt out process had to start again! By the summer of 2024 the KDA had received so many members complaints we asked the several members who had experienced this insurance carrier practice firsthand to file complaint with the Commissioner of insurance. The Department of Insurance did investigate and though they acknowledged this was indeed happening, but their hands were tied because there was no timeline provided in the new law. At the same time, dentists in many states across the country who had passed the same NCOIL model legislation were experiencing the same issues as were dentists in Kansas.

As a result, the American Dental Association became involved and worked with NCOIL to redraft its model legislation on this issue calling for dentists to opt in to virtual credit card payment and that it will be effective until such time the dentist chooses an alternative method of payment or a new contract is executed – that is HB 2564.

HB 2564 does not say dental insurance carriers can't make payment to a dentist via virtual credit card. It just says it can't be the only payment option, and dentists must be offered a transaction fee free payment alternative.

Drs. Dan Nielson (Olathe) and Nathan Niles (Arkansas City) are with me today via WebEx and they will be testifying to discuss the realities of this issue in their dental practices.

The KDA asks for your support of HB 2564 so we can resolve this issue once and for all! I will be happy answer any questions you may have at the appropriate time.