

Understanding & Maximizing Your Merchant Services

JAMES & SARAH ESTES, PAYMENT PROS

PAYMENT
PROS
We Know Merchant Services

Payment Processing Overview

What is Payment Processing?

Payment processing is the automation of electronic payment transactions between the practice and the patients. Payment technology helps process, verify and accept or decline credit card transactions through specialized hardware and software.

There are many aspects that come into play regarding the credit card transaction process, and how the fees and rates are determined for your merchant services account.

The Major Players



THE ISSUING BANK

This is the bank that provides the customer with his or her credit card. As an example, if you have an account with PNC Bank then you most likely also received your credit or debit card from them. This makes PNC the issuing bank, who receives most of the interchange fees charged by the card brands.



CARD BRANDS

Visa®, MasterCard®, Discover® and American Express® fall into this group. These companies work with governments to determine rules regarding card use, acceptance and security, as well as determining the interchange rates.



PROCESSORS

The processor helps shuttle all of the information to the card brands and banks. Businesses are connected to the processor through the hardware or software they are using, and when they run a transaction the information is routed to the appropriate network. Then when a merchant "batches", or closes out for the day, the funds are moved from the Issuing Bank to the merchant's bank. They will then calculate the interchange fees and provide the data to the merchant and the card brands.



PAYMENT GATEWAY

A payment gateway connects the payment technology (terminals, shopping carts, etc.) and the card processing networks. This can be integrated into your current solution with an Application Programming Interface (API). Many processors also have their own gateway as well.



SPONSOR BANK

The sponsor bank is responsible for getting the funds to the merchant and ACH payments to the processor. They are also responsible for paying the card brands and the issuing bank their share of the interchange fees.

Types of Credit Card Payment Acceptance



PAYMENT TERMINAL

This is the traditional method for accepting credit cards. A merchant can swipe, dip or key enter transactions into the machine. Newer Near Field Communication (NFC) technology allows many terminals to accept payments directly from a cell phone through apps like Apple Pay or Android Pay.



POINT-OF-SALE (POS) SYSTEM

A POS system is similar to a terminal, but it's generally tailored to meet the needs of each business. A salon POS, for example, might want to offer an appointment scheduling feature.



MOBILE PAYMENTS

Mobile devices can now accept payments in a variety of ways. The merchant can swipe or dip cards with hardware plugged into their phone or tablet, transforming them into a formidable payment platform. They can also key enter transactions using an app or browser on the device.



VIRTUAL TERMINAL

Virtual Terminals are a software or web-based solution that allow merchants to process payments from their desktop or laptop. These can be used for both card-not-present transactions and card-present transactions, when paired with a device for swiping or dipping credit cards.



ONLINE PAYMENTS

Merchants can process transactions online through a website or mobile application by using either a shopping cart or a hosted payments page. These tools allow businesses to run an online storefront, or take payments online for B2B transactions.

Inside a Transaction + the Interchange Process

1. When a merchant runs a patient's credit card, the data is sent with an authorization request to their processing company.
2. The processor then routes the information to the card network and on to the customer's credit card bank. The bank will then either approve or deny the transaction and send the result back to the processor.
3. Once the processor has the approval or decline, they transmit the data from the cardholder's bank, or issuing bank, back to the acquiring bank, which routes the approval or denial code back to the merchant's payment acceptance application.
4. The acquiring bank performs what is called an interchange for each sale with the cardholder's bank, and then processes the funding event for the batch.

What to Know about Interchange Fees

Interchange fees are paid or collected by the card-issuing banks that provide Visa, MasterCard, Discover and American Express cards.

These cards are commonly consumer credit or debit cards, but can also be corporate, business, purchasing or rewards cards. Each card brand has its own interchange rates.

When each of these networks are combined, there are over 300 different levels of interchange. It's important for a merchant to know how his or her business is processing transactions and to consider managing factors like monitoring downgrades, processing Level II/III data, proper technology configuration, transaction timing, operating procedures and PCI compliance, in order to ensure the best interchange rates.

Different Pricing Models

Interchange Plus. This is the most transparent and cost-effective pricing structure than any of the other below methods. It removes the inconsistent buckets and overpaying inflated tiers. Simply put, the practice pays the exact interchange fee plus the agreed upon rate (Interchange Plus Rate) to the processor.

Flat Rate. This pricing structure stays true to its name. You are charged a flat rate, regardless of how the card was processed. This structure can be attractive for its simplicity, but it can be more expensive because the interchange can't be optimized.

Tiered. This structure uses Qualified (swiped/dipped), Mid Qualified (swipe/dipped rewards) and Non-Qualified (everything else). These rate include the interchange, but the processor could decide to move a Qualified sale to a Mid Qualified one for various reasons, including if they deem the card should have been dipped versus swiped.

Enhanced Recover Reduced Percent (ERR) or Billback. Just stay away. You are charged a flat rate, but at the end of the month you are also charged an ERR (recovery rate) for every transaction that month and how it was accepted.

Merchant Account Fees

- ▶ It is important to understand the various types of fees when considering a merchant account.
- ▶ Typically, these fees are determined by the way your business operates, the size of your company, your credit score, any potential risk factors and whether you have a history with other merchant services providers.
- ▶ Businesses can expect to pay a combination of transaction fees calculated by the actual transaction amounts, a flat fee (this can vary depending on your merchant services provider), minimum fees which can be applied monthly, gateway fees, interchange fees and association dues (Visa, MasterCard, Discover or American Express)

Definitions for Common Types of Merchant Account Fees

Per Transaction Fee: A transaction fee is charged for each individual transaction, whether it is approved or declined. The fee is determined by how the payment is made (swiped, dipped, PIN, etc).

Address Verification Service Fee (AVS): AVS is a recommendation for transactions when the card is not present physically. This is a security feature to ensure the address matches the cardholder.

Batch Fee: This is a fee that is charged when you resolve your daily transactions with your credit card processor. You would not be charged this fee if you have not settled any credit card transactions that day.

Monthly Service/Support Fee: In general, credit card processors charge a monthly fee. This will remain a set amount regardless of how many transactions have been processed. The costs cover elements such as customer support and administration.

Gateway Fee: If you accept payments online, this fee is billed by the gateway provider. In some cases, this could also include an additional charge for each transaction on top of the transaction fees billed by your merchant account provider.

PCI Compliance Fee: You may be charged for the access to maintain your PCI compliance online with the processor's 3rd party PCI vendor.

PCI Non-Compliance Fee: This is billed for any month that the merchant account has not maintained the required compliance items. These items can be the SAQ (self assessment questionnaire) and/or the quarterly network vulnerability scans. When the account is compliant, you should not be billed for noncompliance.

Monthly Minimum Fee: In some contracts when setting up your merchant account, there will be a condition that you must meet a minimum number of transactions per month. If you fail to achieve this, you will be charged a monthly minimum fee.

Chargeback Fee: A chargeback fee (also known as retrieval) is applied when a cardholder or the issuing bank disputes a payment. You will be given an opportunity to address this issue, but there will be a fee from your merchant account provider as they act as a mediator in this situation.

Annual Fee: Similar to the monthly service fee, an annual fee can cover some of the same costs, but it is charged on a yearly basis.

Termination Fee: The termination/cancellation fee will be written in your contractual agreement. When you terminate your agreement, this fee will be applied and is usually a fixed dollar amount. The contract typically provides the answers should you be unsure on how and why this fee is calculated.

Contactless Payments

See our article on PCC's Blog or Payment Pros' website for more detail:

<https://blog.pcc.com/how-to-best-use-contactless-payments-in-pediatric-practice>

<https://www.paymentpros.net/single-post/how-to-best-use-contactless-payments-in-pediatric-practice>

How to Best Use Contactless Payments in Pediatric Practice



This post also appeared on the [PCC Blog](#).

While most practices already have at least one method of accepting contactless payments in place, technology and workflows can frequently change. Reviewing the way you are accepting payments in your office is a good exercise to apply once or twice a year, and examining your merchant services will ensure you are utilizing the best contactless solutions for the way you're conducting business today.

Contactless Payment Methods

Billing Through
the PCC
Patient Portal

Online
Payment
Pages

Text Messaging
with Shortened
Link

Pay by Phone

Credit Card on
File (CCOF)

Card Readers
on the Counter

PCC Patient Portal Payment Integration



Sign Out

My Kid's Chart

Settings

Welcome Wilma Flintstone

Patient Charts

Pebbles Flintstone 08/09/09

Dino Flintstone (Privacy Enabled)

Upcoming Appointments

Mon 10/14/19 9:45am Pebbles

Wed 11/06/19 12:22pm Pebbles

Messages

Create Message

Personal Balance as of 10/04/19

Fred Flintstone

\$17.00

▼

Last Payment 10/02/19 3:00pm

\$13.00

←

Make a Payment


Benefits of accepting payments with the patient portal integration

1. Cash Flow Impact
2. Reduction of calls to the billing department
3. Patients can see balances and pay immediately
4. Patients can store & manage multiple cards on their account
5. Stored Cards are on BluePay's PCI Compliant servers
6. Payments can be enabled to auto post to the account
7. Email notifications of batches or payments are available

Hosted Payment Pages

A Hosted Payment Page is different than paying through the portal. The portal requires a login for each patient whereas the Hosted Payment Page is a secure payment URL hosted on the processor's servers.

A payment page can be used for collecting copays ahead of an appointment, allowing patients who haven't registered for the portal to be able to pay online or for that patient who isn't comfortable paying over the phone if they have a past due balance.



Village
PEDIATRICS

Patient Account #





Total Amount Due: \$


Payment Info

Card Number

Expiration Date

Security Code (CVV)

☐ I'm not a robot 

Secure Payment Page

Email Password

☐ Remember Me

[Create Account / Forgot Password?](#) [Secure Login](#)

Creating a User Profile is Optional and for your convenience for any future payments.

***Your credit card information is not kept on file in this office.**

It is kept securely offsite and this office does not have access to the full credit card number once it is entered into this payment form.

Billing Info

First Name

Last Name

Address 1

Address 2

City

State

Text Messaging with Shortened Link

A shortened URL is a great way to send patients to your payment page via text or email messaging without hogging your character allowance.

For example, would you rather send a patient to [pymt.pro/peds](https://secure.bluepay.com/interfaces/shpf?SHPF_FORM_ID=PP03&SHPF_ACCOUNT_ID=100176204925&SHPF_TPS_DEF=SHPF%5FFORM%5FID%20SHPF%5FACCOUNT%5FID%20DBA%20TAMPER%5FPROOF%5FSEAL%20AMEX%5FIMAGE%20DISCOVER%5FIMAGE%20TPS%5FDEF%20TPS%5FHASH%5FTYPE%20SHPF%5Ftps%5FDEF%20CUSTOM%5FHTML%20SHPF%5Ftps%5FHASH%5FTYPE&SHPF_TPS_HASH_TYPE=HMAC%5FSHA512&SHPF_TPS=082a555957ee10986df1b01087570271e0bd9249c4952a0534f84d9292ed44cd939a9fe86ba50e5acde70709df1d405af04eb00c083499c3592b153264eec815&MODE=TEST)

Or to

https://secure.bluepay.com/interfaces/shpf?SHPF_FORM_ID=PP03&SHPF_ACCOUNT_ID=100176204925&SHPF_TPS_DEF=SHPF%5FFORM%5FID%20SHPF%5FACCOUNT%5FID%20DBA%20TAMPER%5FPROOF%5FSEAL%20AMEX%5FIMAGE%20DISCOVER%5FIMAGE%20TPS%5FDEF%20TPS%5FHASH%5FTYPE%20SHPF%5Ftps%5FDEF%20CUSTOM%5FHTML%20SHPF%5Ftps%5FHASH%5FTYPE&SHPF_TPS_HASH_TYPE=HMAC%5FSHA512&SHPF_TPS=082a555957ee10986df1b01087570271e0bd9249c4952a0534f84d9292ed44cd939a9fe86ba50e5acde70709df1d405af04eb00c083499c3592b153264eec815&MODE=TEST

Pay by Phone

- ▶ The tried and true method of payments by phone still exists for a reason: it works. It requires staff interaction to take the call and process the patient's payment over the phone, but preparing for this option ensures your patients can provide payments in whatever way they find most convenient. Including in your phone prompts an option to pay a bill or reach the billing department is a great way to relay this feature to your patient families every time they call your office.



Card Readers or Pin Pads on the Counter

- ▶ Using Card Readers or Pin Pads is a great way to maintain a contactless environment. While they connect differently, the setup allows the patient to swipe, dip or tap (i.e. ApplePay) their payment instead of handing the card over to the staff.
- ▶ Card Readers are normally USB powered and are Swipe Only or Swipe+Chip
- ▶ Pin Pads are connected with an Ethernet cord or to a Terminal and they allow for PIN Debit, Chip, Swipe and Tap

Pin Pads



USB Powered Card Readers



Credit Card on File (CCOF)

Setting up a successful CCOF program takes a little planning and a team approach. Most of the steps can be interchanged, but they should be covered before launching any CCOF initiative.

1. **Survey your patients.** Would they be receptive to CCOF and its benefits?
2. **Survey your staff.** Will they be able to confidently answer any questions from the patients?
3. **Create CCOF Consent Forms.** The AAP has samples here: pymt.pro/aap-ccof
4. **Get hands-on training** with your platform that the cards will be securely stored. Know how to create, edit and use any stored cards.
5. **Create a FAQ** (online or paper) to tackle any worries a patient may have.
6. **Choose a start date.**

Advantages of CCOF

- ▶ Reduction of Patient Balances and A/R
- ▶ Information is Safe and Secured on the Processor's servers
- ▶ Eliminate a percentage of your mailed statements (save the trees)
- ▶ Ability to email receipts
- ▶ Immediately charge for Co-Pays, No Shows, Co-Insurance, Deductibles or any non-covered services at the time of service
- ▶ Enroll new and current patients at any time

How to ease fear of CCOF for the patient

- ▶ **How secure is it?** Assure any patient that the platform has the highest encryption available in the market. It's the same encryption that many of the largest business use like Amazon or Target.
- ▶ **Can anyone see my card data?** Once entered into the platform, no one at the practice nor the processor can see the full card data. Only the Last-4 digits and the Card Brand (Visa, MasterCard etc)
- ▶ **What about a Large Balance?** Set a limit or a cap for any large balances. If a balance is over "X" amount, the staff is required to contact the patient to discuss payment options.
- ▶ **What if insurance pays, but you've already billed me?** Let the patient know that the practice will immediately refund any over-payment to the stored card.
- ▶ **I don't want to participate.** That is fine and they can still receive paper statements.

PAY ONLINE

KIDS + AUTOPAY

AutoPay Authorization

Kids + AutoPay FAQ

Pay Online



Pay some or all of your Kids Plus Bill right here, with a quick, convenient, totally secure transaction through our Payment Pros account.

Just fill out your info below and click “Make Payment.” After you complete the payment process, you’ll also receive an email receipt for your transaction, and **Kids Plus** will immediately credit your account.

There are no fees or service charges for using the **Kids Plus** Payment Pros online service.

** Note: You won’t see your balance when you sign in. Please refer to your statement, or call the Billing Office at 412.926.1720 if you have questions about the amount you owe.*



Great Model of a
Pediatric Practice
Utilizing CCOF



PAY ONLINE

KIDS + AUTOPAY

[AutoPay Authorization](#)

[Kids + AutoPay FAQ](#)

Kids + Autopay Authorization

I authorize Kids Plus Pediatrics to:

- Maintain my credit/debit card on file for use in Kids + AutoPay billing for all the children on my account.
- Charge my credit/debit card for all co-pays and outstanding balances under \$200.
- Send an electronic receipt for all Kids + AutoPayments to my email address on file.



Parent/Caregiver's Name *

First

Last

Your Children's Names & Dates of Birth *

Email Address *

By selecting the "I Accept" button, you're signing this Kids + Autopay authorization electronically. You agree your electronic signature is the legal equivalent of your physical signature. *

☐ I Accept

SUBMIT

Consent Example

Kids + AutoPay

Paying Your Bill Just Got a Lot Faster & Easier.

Our new Kids + AutoPay service makes your office visits easier, your check-ins and check-outs faster, and your bill-paying a whole lot easier. No more juggling your kids and your credit cards, counting cash for your co-pay, managing paper billing statements, or preparing, stamping and mailing payments. Now, we take care of everything for you!



Your Payments are Quick and Easy

When you have a co-pay, you don't have to do a thing. We charge your account and email you a receipt. If, after we bill your insurance, you have a balance due, you don't have to deal with the hassle of billing statements or making payments. We just charge your account and email you a receipt. It's as easy and convenient as iTunes or Amazon, but we do the clicking for you!

Your Information is Safe and Secure

We swipe your credit card once, and that's it. Your payment information is encrypted and stored in your account, just as it is at iTunes or Amazon or any other reputable online retailer. Your information is protected by a payment gateway, kept off-site, and inaccessible to all Kids Plus employees, so it's even safer than it is at hotels or restaurants or anywhere else you hand over your card.

Your Receipts are Instant and Electronic

No billing statements. No balances. No paper of any kind. When you use Kids + AutoPay, you never lose a receipt or forget to pay a balance. Your payments are processed automatically, you get an instant receipt in your email inbox, and you always have clean, up-to-date records from your account. If you have a question about a charge, just call us or email us back, and we'll be happy to help. If you were charged too much, we'll refund you immediately.

You Save Time and Money (and Trees)

With Kids + AutoPay, everything is easier, faster, and cheaper. In the office, check-in and check-outs are quicker and simpler, because you don't have to worry about fees or co-pays. At home, you don't have to wait for, or deal with, balances and billing statements. You help us use a whole lot less paper, which helps both our environment and our communities.

Communication is Key

- ▶ Kids+ made it user friendly, easy to understand and like they're doing their patients a favor
- ▶ They also have a conversational and thorough Kids+ AutoPay FAQ page that makes the patient feel even more confident the practice has really developed this policy so it's both organized and secure
- ▶ Sign me up!



PCI COMPLIANCE: SECURING THE FUTURE OF PAYMENTS

**I'LL TELL YOU WHO TO
BLAME FOR NON-COMPLIANCE**



CAROLE BASKIN

PCI Compliance Myths

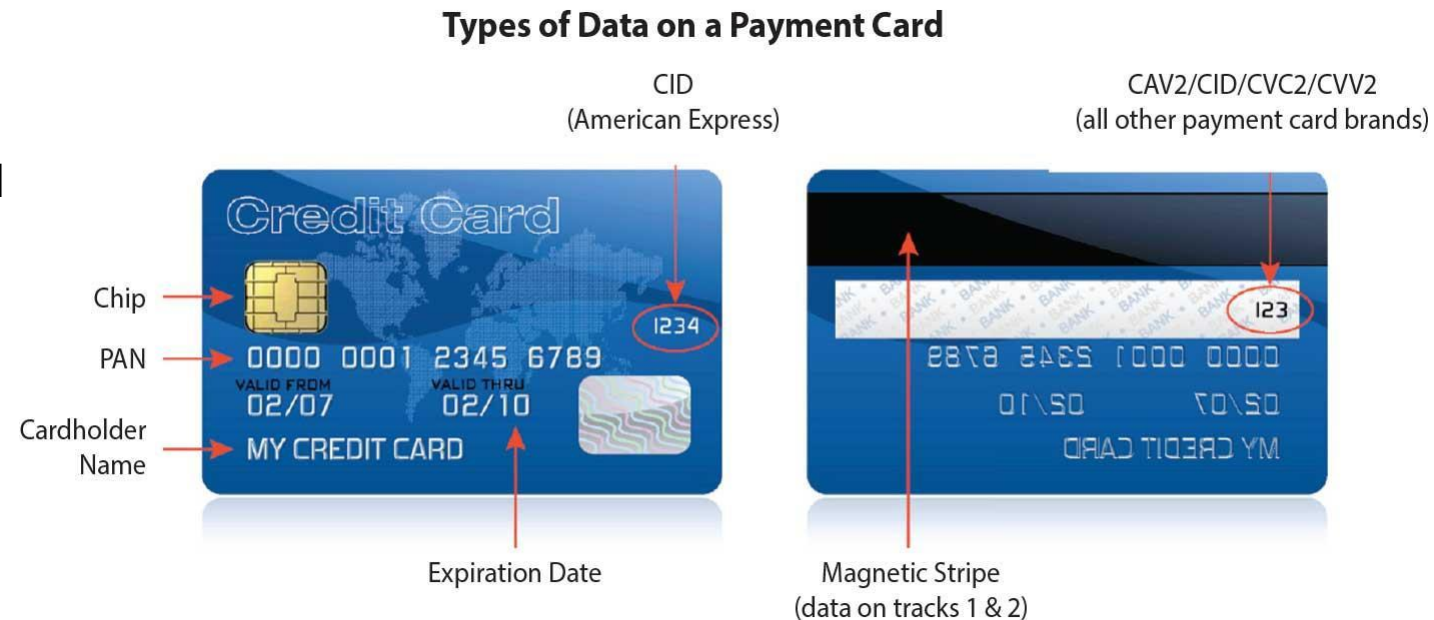
- ▶ I'm a small practice so I don't need PCI
- ▶ You only have to be PCI compliant with the majority of criteria
- ▶ I can wait until my business grows
- ▶ I can just answer 'yes' to all the criteria on the Self-Assessment Questionnaire (SAQ)
- ▶ I can wait until my bank or processor asks me to be PCI compliant
- ▶ I didn't sign anything saying I would be compliant, so I don't need to be
- ▶ One vendor and product will make us compliant
- ▶ Outsourcing card processing makes us compliant
- ▶ PCI compliance is an IT project
- ▶ PCI will make us secure
- ▶ PCI is unreasonable; it requires too much
- ▶ PCI is too hard

Why PCI Compliance Exists

- ▶ The PCI SSC (Payment Card Industry Security Standards Council) was formed by the 4 major cards brands in 2004 due to the growing threat of payments fraud.
- ▶ They unveiled the PCI DSS (Data Security Standard) applicable to all businesses and organizations accepting credit card payments to standardize the industry.
- ▶ These standards mean more protection for both the merchant and the cardholder, with surveillance from the card brands.
- ▶ In 2020, it's estimated that the U.S. was seeing about \$11 billion worth of losses due to credit card fraud. Worldwide the number is around \$28 billion. *Nilson Report, Issue 1187 December 2020

What Data Thieves Want

- ▶ Hackers want your cardholder data. By obtaining the Primary Account Number (PAN) and sensitive authentication data, a thief can impersonate the cardholder, use the card, and steal the cardholder's identity.
- ▶ Take a look at the payment card diagram. Everything at the end of a red arrow is sensitive cardholder data. Anything on the back side and CID must never be stored. You must have a good business reason for storing anything else, and that data must be protected.



The Importance of PCI Compliance to my Practice

- ▶ Criminals can access cardholder information in a variety of ways, whether via e-commerce or card-present environments, and by way of network intrusions, wiretapping, device tampering methods and others being developed every year
- ▶ Card information can be accessed from card readers, payment system databases, wireless or wired networks and paper records
- ▶ A locked file cabinet containing paper with credit card numbers is not a security system
- ▶ Payment security solutions backed by the PCI SSC, like point-to-point encryption and tokenization can actually reduce the scope of your compliance responsibility
- ▶ A data breach can cost a small business \$25,000 or more, which can be devastating to a practice

Card Data Security

Potential Liabilities

- ▶ Lost confidence, patients go to other practices
- ▶ Diminished sales
- ▶ Cost of reissuing new payment cards
- ▶ Fraud losses
- ▶ Higher subsequent costs of compliance
- ▶ Legal costs, settlements and judgments
- ▶ Fines and penalties
- ▶ Termination of ability to accept payment cards
- ▶ Lost jobs
- ▶ Going out of business

Easiest and Most Secure Way to Minimize your PCI Compliance

- ▶ The easiest way to minimize your PCI Compliance scope is to invest in Point-to-Point Encryption (P2PE) equipment.
- ▶ P2PE solutions immediately tokenize (encrypt) the card data before it travels through your network and out to the banks for an approval. Since the card data is never transmitted, you eliminate 90% of the compliance controls and you don't need quarterly network vulnerability scans.
- ▶ The P2PE SAQ (Self Assessment Questionnaire) is 33 questions and is required once a year.
- ▶ Here's a great article to read regarding P2PE: pymt.pro/p2pe

Methods of taking payments every practice should have

Most patients like having options to pay their providers. Give them multiple avenues to pay without spending a fortune.

- ✓ In Person, Time of Service
- ✓ Over the Phone
- ✓ Online (through the Patient Portal, a Hosted Payment Page or both)
- ✓ Mail from the statements
- ✓ Credit Card on File
- ✓ Automatic Payment Plans

Some of us learn from
other people's mistakes,
and the rest of us
have to be
the other people.
~Zig Ziglar

Ziglar.com

HOW DO YOU CHOOSE THE BEST MERCHANT SERVICE PROVIDER FOR YOUR BUSINESS?

- **Customer Service:** Both big and small problems can occur in any situation without warning. Although rare, it is imperative that you choose a **provider** who is can provide that unique customer service journey. Payments and uninterrupted cash flow are vital for your practice, so you want a company that will be able to help you whenever you may need it.

- **Check Reviews:** Search Google, Bing or your peers (PCC Talk) and ask for reviews or experiences other practices have had.

- **Rates and Fees:** We've already discussed rates and fees, but it is worth mentioning again as the lowest rate and fees does not necessarily mean they are the best option for you.

- **Contract Terms and Conditions:** Look at the contract before you sign it. Read each term and condition and feel confident that you understand each specific detail. Keep a copy and refer to the appropriate parts when you need them. If you are experiencing any doubts after you have signed up, you will usually find answers to those questions in the initial contractual agreement.

- **Set Up or Cancellation Fees:** A good vendor will waive set up and cancellation fees. If the vendor is confident in their services, they will make money for the duration of the relationship instead of focusing on a quick fee billed to your account.

- **Integration:** How the merchant account will be integrated will depend on how you are accepting payments. Online, by the phone and POS terminals all require different integration based on the software of the provider. Ensure that you know how fast and easy the integration is and whether there will be any delays. A fast and easy process is becoming more and more common as technology grows.

Questions?





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