

# HOW TO SELECT THE BEST CREDIT CARD VENDOR

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In today's fluctuating economy, most businesses accept various credit cards, such as Visa, MasterCard, American Express, and Discover. From the patient's point of view, it may be a very inexpensive way of financing a procedure without interest or the need of third-party financing companies. In addition, the patient wants the perks that come with the credit card, like percentages back for gross purchases, hotel and airline points, and many other catalogue items.

We are all consumers ourselves, and having the ability to get "something for nothing" is always attractive. I have always lived by the theory that, "If it's for free, it's for me." After all, why not?

But look at the dynamics from the financial aspect of your medical practice. We receive calls every day from a merchant processing company soliciting our new and/or current credit card business. Each vendor promises the cheapest rates, and many even guarantee it without stating what the guarantee includes, or how long the guarantee lasts.

Let's examine the easiest and most common things to look for when choosing your credit card vendor:

## FIVE WAYS TO SAVE ON A MERCHANT ACCOUNT

Although accepting credit card payments may seem like a costly business expense, it certainly doesn't have to be. Here are five ways you can save money on your merchant account, and avoid frustrating traps.

1. *Never Focus Exclusively on Percentage "Discount" Rates.* Companies that quote extremely low rates are usually trying to distract you from additional fees, causing you to pay much more in the long run. Thoroughly assess each quote and consider the many other cost factors, because getting the lowest rates doesn't necessarily mean you're getting the best deal.
2. *Look to Save on Processing Equipment.* Most equipment can function with any processor, so there are plenty

of product and pricing options to choose from. Shop around to find the most suitable solution for your budget and processing needs, but never lease. Leasing is extremely costly and involves long-term agreements.

3. *Don't Sign a Contract.* Signing a contract commits you to staying with a processor regardless of your level of satisfaction with them, meaning that they can increase your rates at any time. With contracts, some processors feel they can neglect to provide the service you demand, and cancelling in the midst of your term means paying a steep termination fee.
4. *Avoid Termination and Reprogramming Fees.* Some companies may not focus on developing a long-term relationship with you and instead rely on a termination fee to keep you from leaving. To some processors, a termination fee may be more profitable than providing the service necessary to keep merchants satisfied. They may actually prefer you cancel so they can collect the huge fee. In addition, many processors use scare tactics to convince you to purchase or lease their equipment. They threaten that if you buy equipment elsewhere, they "need" to charge a reprogramming fee. The truth is, most reprogramming procedures are simple and inexpensive, regardless of where equipment is purchased.
5. *Ensure You Have the Right Type of Merchant Account for Your Business.* There are different types of merchant accounts based on the way credit card transactions are accepted. It is always cheaper to have the right merchant account type for your business, and always work with a firm that can explain the differences between the different merchant account types, teaching you to process credit card payments the best way for your business.

Merchants should always look for the best overall pricing, while not neglecting the service they deserve. By referring to these five guidelines when shopping for a merchant account,

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you can find a merchant service provider who will give you everything your business is looking for.

## WAYS TO SAVE ON CREDIT CARD FEES

1. *Ask Whether the Card is a Credit or Debit Card.* Most employees and business owners do not really understand the entire processing system in order to maximize the greatest discount rates. There is a significant difference in the practice's fees for different cards used. For example, fees for a debit card are much less than a standard credit card, and if you don't ask, many times the patient won't offer that as an option.
2. *There Are Higher Fees When the Card Is Not Present.* When a patient phones in his or her credit card number and your employee enters it on the processor, fees are significantly higher than if the card was swiped. Many times this is unavoidable, but if you wait until the patient comes to the office to swipe a credit card, you will save close to half of the fee charged.
3. *Credit Cards Aligned With Perks Are Charged a Higher Rate.* Although you have no control over which credit card a patient gives you, be aware that any card tied into any type of promotion is charged a higher rate than a standard card. In addition, Corporate and International cards are charged a much higher rate than any type of standard card.
4. *Set Your Practice Up As a Medical Entity With American Express.* Most medical practices think American Express has the highest rates for processing. In fact, if your practice is set up as a medical facility with the credit card, the fees can many times be cheaper than a Visa or MasterCard charge card associated with perks.
5. *Make Sure Your Employees Do Not Bypass Important Requested Information.* When it comes time for your staff member to swipe the credit card, the terminal may request additional information, such as an address or zip code for billing. Bypassing this information will initiate a charge to the merchant. Answer all questions associated with the transaction in order to minimize the transaction fees. ■



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