

How to Lower Your Credit Card Processing Fees through Surcharging or a Cash Discount Program

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With the high cost of accepting credit cards, many businesses are turning to their customers to pay the fees for this necessary business expense through a surcharge or a cash discount. While this may sound like a great idea in theory, the reality is a little trickier for your practice. The card brands have rules that must be followed to pass this on to your patients, and those rules are changing and evolving all the time.

To pass these costs on to your patients, there are different ways you can correctly approach this issue.

A surcharge program adds the fee to the patient's total when they use a credit card. Another option is a flat rate program which is sometimes called a cash discount. Offering a cash discount to patients who pay with cash or check is one of the easiest and most popular ways to keep more money in your pocket. They are both intended to help you cover the cost of processing your credit card transactions.

Some companies are inaccurately advertising or implying that they are going to eliminate ALL your processing fees. But to surcharge in line with the card brand rules, the only costs that will be eliminated would be for your true credit cards. You will still be charged for American Express, debit and prepaid cards and this may include HSA cards. Unless you get a new terminal that can decipher these cards for your staff, you must rely on them to identify the cards correctly. Keep in mind that you will be charged what could be a higher rate for your debit/prepaid cards that cannot be surcharged. But you will be eliminating the cost of your true credit card fees and that will more than likely offset this increase.

Some companies selling the surcharge program add additional fees on the back end. High monthly fees and other "nuisance" fees are just profit in their pocket and can negate the advantages you're trying to achieve with a surcharge program. Some may even include charging you 1-2% to get your money deposited into your account.

Keep in mind that several states do NOT allow you to surcharge your patients, and other states are changing their rules regularly. You need to make sure you're following the rules for your state and the card brands.

This is why we recommend a cash discount program, which is allowed in all 50 states.

A cash discount is where you charge all patients a flat rate on all forms of credit card payment but not on cash or check. A portion would go to the processing bank and the rest would be profit for your practice. You would need to update your equipment to be able to correctly charge this fee on all transactions and posting signage to notify your patients is also required. The cash discount program we offer complies with all the card brand regulations

because it is important to have the proper terminal to automatically make this distinction for you.

On both the surcharge & cash discount pricing, these fees will be subject to your state sales tax laws, so you'll want to be sure to include this in your consideration.

International Payment Solutions would be happy to assist you in weighing your options and determining what is the best process for your practice. One more aspect you want to consider is how your patients will react to this new change. While it's becoming more common place, many consumers are looking for businesses that do not charge a fee to pay by credit card. While you are trying to protect your bottom line, so are your patients.

For more information on these programs, or to receive a no cost or obligation comparison of your current processing against International Payment Solutions' program, simply fax a current processing statement to 844-483-1996 or email to interpay@aol.com. Or schedule a call to discuss your potential savings with Leo at www.calendly.com/interpay. If you want to reach out to him now, please call him at 321-324-8890.