



March 19, 2025

The Honorable Caroline Menjivar
Chair, Senate Health Committee
1021 O Street, Room 3310
Sacramento, CA 95814

Re: SB 386 (Limón): Restricting Predatory Dental Plan Payment Practices - SPONSOR

Dear Chair Menjivar:

The California Dental Association, representing 27,000 members throughout the state, is proud to sponsor SB 386 (Limón), which would restrict predatory payment practices used by dental plans through contracted virtual credit card companies.

A growing trend in dentistry is the use of virtual credit card (VCC) companies as a mechanism for plans to pay providers. Dental plans contract with third-party vendors to issue provider payment via VCCs, a 16-digit credit card numbers, commonly faxed or emailed to the provider. To withdraw or access the funds, dental offices must run VCCs through their credit card terminals. Vendor processing fees for VCCs can range from 2-5% of the total amount, on top of which, the dentist pays the usual merchant transaction fee when processing the payment through their credit card terminal. **Together, dental offices can sometimes pay up to 10% in fees before accessing payment they are owed by the plan.**¹

These unjustly high fees simply to access contracted payments owed by the dental plans are compounded by coercive behavior that often forces dental offices to accept payment via VCCs. Both dental plans and VCC companies claim dentists can “easily opt-out” of receiving this payment method but will disregard this opt-out shortly after, in some cases as soon as the very next payment. These predatory practices put dentists in a position where they must choose between accepting VCCs with high fees or repeatedly requesting an alternative and delayed payment.

¹ Kehl, F. How Much Do Credit Card Processing Fees Cost? 5 December 2023.
<https://www.merchantmaverick.com/the-complete-guide-to-credit-card-processing-rates-and-fees/>

SB 386 (Limón) would restrict these predatory practices by mandating that any fee-based payment cannot be the default method, requiring the dentist to prospectively opt-in via signature. Dental plans would need to provide notice of any associated fees with a particular payment method, any profit-sharing arrangements with the payment vendor, and how a dentist can opt-out of a fee-based payment method if they so choose.

Dentists deserve to be able to fully understand and choose whether to accept payment processing fees, rather than being essentially trapped into accepting payment methods that charge predatory fees. These fees nickel and dime dental offices, reducing income that could be used to invest in staff, improve office efficiency and patient experience or increase access.

For these reasons, **CDA is proud to sponsor SB 386 (Limón) and respectfully requests your AYE vote in the Senate Health Committee.** If you have any questions or concerns regarding our position, please reach out to Lawrence Gayden (lawrence.gayden@cda.org).

Sincerely,



Lawrence Gayden
Legislative Advocate

Cc: Members and staff, Senate Health Committee
Senator Monique Limón