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Docs now taking payment by bitcoin



Lower transaction costs, increased privacy protections lead some practices to accept controversial e-currency

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Whether looking to draw attention to their practices, experiment with new technology or simply have a bit of fun with their otherwise dreary financial operations, several American medical professionals are now accepting bitcoins, the Web-based virtual currency, in addition to dollars.

Bitcoin, a peer-to-peer, open-source digital currency network that was first launched five years ago, has been getting a lot of media attention lately – sometimes for dark stories such as those spotlighting its role as the currency of choice for Silk Road, an online black market for illegal drugs that was shut down by the FBI this past October.

But it's also getting strong positive attention, especially from Internet thought leaders, because the Bitcoin system, which depends on no centralized authority but rather a loosely affiliated community of techies, offers some key breakthroughs in the areas of information exchange – particularly between parties unknown to each other – and digital cryptography.

The legal status of this so-called cryptocurrency is in flux worldwide, as various policymakers, monetary bodies and tax agencies get up to speed on its true ramifications.

In the meantime, curious people can still educate themselves and explore this new payment alternative without fear and in relative safety.

Doctors who have taken bitcoins have found that doing so is both simple and relatively "unmagical," as San Francisco physician Paul Abramson, MD, put it.

Abramson, founder of [My Doctor Medical Group](#), is a former software programmer and trained electrical engineer with a significant personal interest in privacy.

It was privacy that drew him to learn more about bitcoins. Early assessments of the technology suggested the bitcoin exchange system had significant anonymity protections that could augment existing medical privacy laws and allow patients who sought the ultimate discretion a nearly invisible form of payment.

"It's important for people to be able to maintain their privacy" about all things, but particularly medical issues, Abramson said.

However, as bitcoin use has expanded, further exploration of its privacy protections has shown that, while it does take some effort to uncover a bitcoin user's identity, it is possible.

"As I've learned more about it," said Abramson, "I'm less excited about the anonymous possibility."

In any case, patients in his office seeking medical attention can't very well protect their identity from him – which removes one possible benefit of using bitcoins: the anonymity between buyer and seller.

Despite the media hype and controversy surrounding this new currency, Abramson is almost blasé about the fact that he accepts bitcoins.

"It's actually not that big a deal," he said.

But the benefits do exist. For instance, taking transactions out of the hands of credit card companies can preserve patient privacy, as those organizations can legally access certain protected health information for the purposes of verifying the transactions.

And, as a business practice, accepting bitcoins has real potential to save Abramson money.

He uses a fairly simple setup, where he has a merchant account with a company that handles bitcoins; when he receives bitcoins, that company handles converting them into U.S. dollars. The company charges a 1 percent fee – which is less than the typical 2 or 3 percent transaction processing fee charged by credit card companies.

This method is in fact in common use throughout the bitcoin community: People contemplating a purchase buy bitcoins with dollars, and then, in exchange for goods or services, send them to a vendor, which then immediately converts the bitcoins back into dollars.

But it's only in the conversions where fees arise.



Paul Abramson, MD

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