

115TH CONGRESS
1ST SESSION

H. R. 4554

To establish a smart card pilot program to combat fraud, waste, and abuse
and to protect beneficiary identity under the Medicare program.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 5, 2017

Mr. ROSKAM (for himself, Mr. BLUMENAUER, Mr. SHIMKUS, Mrs. DINGELL, Mr. MEEHAN, Mr. BRENDAN F. BOYLE of Pennsylvania, Mr. COSTELLO of Pennsylvania, Mr. CONNOLLY, Mr. BUCHANAN, and Mr. DANNY K. DAVIS of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a smart card pilot program to combat fraud, waste, and abuse and to protect beneficiary identity under the Medicare program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Medicare Common Ac-
5 cess Card Act of 2017”.

1 **SEC. 2. MEDICARE SMART CARD PILOT PROGRAM.**

2 Part E of title XVIII of the Social Security Act is
3 amended by inserting after section 1866E the following
4 new section:

5 **“SEC. 1866F. SMART CARD PILOT PROGRAM.**

6 “(a) IMPLEMENTATION.—

7 “(1) IN GENERAL.—Not later than 36 months
8 after the date of the enactment of this section, the
9 Secretary shall establish a pilot program (in this sec-
10 tion referred to as the ‘pilot program’) to dem-
11 onstrate the feasibility of using smart card tech-
12 nology under this title.

13 “(2) SMART CARD TECHNOLOGY DEFINED.—In
14 this section, the term ‘smart card technology’ means
15 the following:

16 “(A) BENEFICIARY SMART CARD.—A ma-
17 chine readable, fraud- and tamper-resistant
18 card (in this section referred to as a ‘smart
19 card’) that includes an embedded integrated cir-
20 cuit chip with a secure micro-controller that en-
21 ables the verification and secure, electronic au-
22 thentication of the identity of a Medicare bene-
23 ficiary at the point of service through a com-
24 bination of the smart card and a personal iden-
25 tification number known by or associated with
26 such beneficiary.

1 “(B) CARD READER TECHNOLOGY.—Infor-
2 mation technology that enables a supplier and
3 provider to authenticate the identity of a Medi-
4 care beneficiary through presentation of such a
5 smart card and such components, with such au-
6 thentication to be reflected through the use of
7 a modifier or in another appropriate manner, as
8 determined by the Secretary, in the claims ad-
9 judication process.

10 “(3) PROGRAM DESIGN ELEMENTS.—The pilot
11 program shall be conducted for a period of 3 years
12 consistent with the following:

13 “(A) SELECTION OF AREA.—In consulta-
14 tion with the Inspector General of the Depart-
15 ment of Health and Human Services, the Sec-
16 retary shall select at least 3 geographic areas in
17 which the pilot program will operate.

18 “(B) SELECTION OF SUPPLIER AND PRO-
19 VIDER TYPES.—In consultation with the Inspec-
20 tor General of the Department of Health and
21 Human Services, the Secretary shall select sup-
22 plier and provider types that will be required to
23 participate in the pilot program (referred to in
24 this section as ‘participating suppliers and pro-

1 viders’). In selecting such supplier and provider
2 types, the Secretary shall—

3 “(i) take into account the risk of
4 fraud, waste, and abuse (as described in
5 section 1886(j)(2)(B) with respect to the
6 category of provider or supplier) and other
7 factors as determined appropriate by the
8 Secretary; and

9 “(ii) limit the pilot program to no
10 more than 2,000 suppliers and providers.

11 “(C) SUPPLIER AND PROVIDER HARDSHIP
12 EXEMPTIONS.—The Secretary shall exempt
13 from participation in the pilot program a sup-
14 plier or provider that either—

15 “(i) does not have access to card read-
16 er technology (as described in paragraph
17 (2)(B));

18 “(ii) does not have sufficient internet
19 access; or

20 “(iii) has a low volume (as determined
21 by the Secretary) of Medicare claims for
22 which payment is made under this title.

23 “(D) BENEFICIARY SMART CARD
24 ISSUANCE.—The Secretary shall provide for the
25 issuance of beneficiary smart cards described in

1 paragraph (2)(A) to all Medicare beneficiaries
2 residing in a geographic area in which the pilot
3 program is conducted under subparagraph (A).
4 Information that appears on Medicare cards
5 used outside the pilot program may appear on
6 the face of the beneficiary smart card.

7 “(E) INFORMATION ON OPERATION OF
8 PILOT PROGRAM.—The Secretary shall provide
9 participating suppliers and providers and Medi-
10 care beneficiaries who are furnished items and
11 services by such suppliers and providers, with
12 information on the operation of the pilot pro-
13 gram, including privacy protections described in
14 subparagraph (H).

15 “(F) ACCESS TO SERVICES OUTSIDE THE
16 PILOT PROGRAM.—

17 “(i) BENEFICIARIES.—Medicare bene-
18 ficiaries who receive beneficiary smart
19 cards may receive items and services care
20 from suppliers and providers not partici-
21 pating in the pilot program.

22 “(ii) SUPPLIERS AND PROVIDERS.—
23 Suppliers and providers not participating
24 in the pilot program may submit claims
25 under this title for items and services fur-

1 nished without use of smart card tech-
2 nology to Medicare beneficiaries who re-
3 ceive beneficiary smart cards.

4 “(G) PRIVATE SECTOR IMPLEMENTA-
5 TION.—The Secretary shall select, by using a
6 competitive procurement, a private sector con-
7 tractor to implement and operate the pilot pro-
8 gram.

9 “(H) PRIVACY PROTECTIONS.—The Sec-
10 retary shall ensure that the pilot program com-
11 plies with applicable Federal laws, including
12 regulations, concerning individually identifiable
13 health information, including the Privacy Act of
14 1974 and regulations promulgated under sec-
15 tion 264(e) of the Health Insurance Portability
16 and Accountability Act of 1996 and such indi-
17 vidually identifiable information shall be exempt
18 from disclosure under section 552(b)(3) of title
19 5, United States Code.

20 “(I) MANDATORY PARTICIPATION.—Sub-
21 ject to subparagraph (C), in the case of services
22 furnished by a provider or supplier included in
23 a supplier or provider type selected under sub-
24 paragraph (B) in a geographic area selected
25 under subparagraph (A), payment may only be

1 made under this title for such services during
2 the period of the pilot program if the provider
3 or supplier is participating in the pilot program.

4 “(4) DEFINITIONS.—In this section:

5 “(A) The terms ‘supplier’ and ‘provider’
6 have the meanings given the terms ‘supplier’
7 and ‘provider of services’ in subsections (d) and
8 (u), respectively, of section 1861.

9 “(B) The term ‘Medicare beneficiary’
10 means an individual who is enrolled in the origi-
11 nal Medicare fee-for-service program under
12 parts A and B and is not enrolled in an MA
13 plan under part C, an eligible organization
14 under section 1876, or a PACE program under
15 section 1894.

16 “(C) The term ‘Medicare claim’ means a
17 claim for an item or service for which payment
18 is made under this title.

19 “(b) REPORTS TO CONGRESS.—

20 “(1) IN GENERAL.—The Secretary shall submit
21 to Congress the following reports:

22 “(A) INITIAL DESIGN REPORT.—Not later
23 than 2 years after the date of the enactment of
24 this section, a report that outlines the plan for
25 implementation of the pilot program.

1 “(B) IMPLEMENTATION REPORT.—After
2 implementation of the pilot program, a report
3 on the initial implementation of the pilot pro-
4 gram, including parameters for operation of
5 such program.

6 “(C) INTERIM PERFORMANCE REPORT.—
7 Not later than 2 years after the date the pilot
8 program is implemented, an interim report on
9 the performance of such program.

10 “(D) FINAL PERFORMANCE REPORT.—Not
11 later than 18 months after the date of the com-
12 pletion of the pilot program, a final report on
13 the performance of such program.

14 “(2) CONTENTS OF CERTAIN REPORTS.—The
15 reports under subparagraphs (C) and (D) of para-
16 graph (1) shall include information on the perform-
17 ance of the pilot program in achieving its objectives
18 and such recommendations regarding expanding the
19 duration and scope of such program as the Secretary
20 determines appropriate.

21 “(c) FUNDING.—For purposes of conducting the pilot
22 program, the Secretary shall provide for the transfer, from
23 the Supplemental Medical Insurance Trust Fund under
24 section 1841, to the Centers for Medicare & Medicaid Pro-

1 gram Management Account, of \$150,000,000, to be avail-
2 able until expended.”.

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