

113TH CONGRESS
2D SESSION

H. R. 5340

To amend title XI of the Social Security Act to expand the permissive exclusion from Federal health programs to include certain individuals with prior interest in sanctioned entities and entities affiliated with sanctioned entities and to provide a criminal penalty for the illegal distribution of Medicare, Medicaid, or CHIP beneficiary identification or provider numbers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Ms. FRANKEL of Florida (for herself and Mr. KEATING) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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 amend title XI of the Social Security Act to expand the permissive exclusion from Federal health programs to include certain individuals with prior interest in sanctioned entities and entities affiliated with sanctioned entities and to provide a criminal penalty for the illegal distribution of Medicare, Medicaid, or CHIP beneficiary identification or provider numbers, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Fighting Medicare
3 Fraud Act of 2014”.

4 **SEC. 2. PERMISSIVE EXCLUSION FROM FEDERAL HEALTH**
5 **PROGRAMS EXPANDED TO CERTAIN INDIVID-**
6 **UALS WITH PRIOR INTEREST IN SANCTIONED**
7 **ENTITIES AND ENTITIES AFFILIATED WITH**
8 **SANCTIONED ENTITIES.**

9 Paragraph (15) of section 1128(b) of the Social Secu-
10 rity Act (42 U.S.C. 1320a–7(b)) is amended to read as
11 follows:

12 “(15) INDIVIDUALS AND ENTITIES AFFILIATED
13 WITH A SANCTIONED ENTITY.—(A) Any of the fol-
14 lowing:

15 “(i) Any individual who—

16 “(I) is a person with an ownership or
17 control interest in a sanctioned entity or
18 an affiliated entity of such sanctioned enti-
19 ty (or was a person with such an owner-
20 ship or control interest at the time of any
21 of the conduct that formed a basis for the
22 conviction or exclusion described in sub-
23 paragraph (B)); and

24 “(II) knows or should have known (as
25 defined in section 1128A(i)(7)) (or knew or
26 should have known) of such conduct.

1 “(ii) Any individual who is an officer or
2 managing employee (as defined in section
3 1126(b)) of a sanctioned entity or affiliated en-
4 tity of such sanctioned entity (or was such an
5 officer or managing employee at the time of any
6 of the conduct that formed a basis for the con-
7 viction or exclusion described in subparagraph
8 (B)).

9 “(iii) Any affiliated entity of a sanctioned
10 entity.

11 “(B) For purposes of this paragraph, the term
12 ‘sanctioned entity’ means an entity—

13 “(i) that has been convicted of any offense
14 described in subsection (a) of this section or in
15 paragraph (1), (2), or (3) of this subsection; or

16 “(ii) that has been excluded from partici-
17 pation under a program under title XVIII or
18 under a State health care program.

19 “(C) For purposes of subparagraph (A), the
20 term ‘affiliated entity’ means, with respect to a
21 sanctioned entity, an entity that is (or was at the
22 time of any of the conduct that formed the basis for
23 the conviction or exclusion described in subpara-
24 graph (B)) affiliated with such sanctioned entity,
25 and includes an entity—

1 “(i) that is a person with an ownership or
2 control interest in such sanctioned entity (or
3 was such a person with respect to such sanc-
4 tioned entity at the time of any conduct that
5 formed the basis for the conviction described in
6 subparagraph (B));

7 “(ii) with respect to which a sanctioned en-
8 tity is a person with an ownership or control in-
9 terest in such entity (or was such a person with
10 respect to such entity at the time of any con-
11 duct that formed the basis for the conviction
12 described in subparagraph (B));

13 “(iii) with respect to which a person with
14 an ownership or control interest in such entity
15 also has such an interest in such sanctioned en-
16 tity;

17 “(iv) with respect to which a person who is
18 an officer or managing employee (as defined in
19 section 1126(b)) of such entity also is such an
20 officer or managing employee of such sanc-
21 tioned entity.

22 “(D) For purposes of this paragraph, the term
23 ‘person with an ownership or control interest’ has
24 the meaning given such term in section
25 1124(a)(3).”.

1 **SEC. 3. CRIMINAL PENALTY FOR ILLEGAL DISTRIBUTION**
2 **OF MEDICARE, MEDICAID, OR CHIP BENE-**
3 **FICIARY IDENTIFICATION OR PROVIDER**
4 **NUMBERS.**

5 Section 1128B(b) of the Social Security Act (42
6 U.S.C. 1320a–7b(b)) is amended by adding at the end the
7 following:

8 “(4) Whoever knowingly and with the intent to de-
9 fraud purchases, sells or distributes, or arranges for the
10 purchase, sale, or distribution of two or more Medicare,
11 Medicaid, or Children’s Health Insurance Program bene-
12 ficiary identification numbers or provider numbers under
13 title XVIII, XIX, or XXI shall be imprisoned for not more
14 than 15 years or fined under title 18, United States Code
15 (or, if greater, an amount equal to the monetary loss to
16 the Federal and any State government as a result of such
17 acts), or both.”.

18 **SEC. 4. REPORTS ON INCIDENCES OF FRAUD AND ABUSE**
19 **UNDER MEDICARE PARTS C AND D.**

20 (a) IN GENERAL.—Section 1857(d) of the Social Se-
21 curity Act (42 U.S.C. 1395w–27(d)) is amended by adding
22 at the end the following new paragraph:

23 “(7) REPORT ON INCIDENCES OF FRAUD AND
24 ABUSE.—

25 “(A) IN GENERAL.—A contract under this
26 section with an MA organization offering an

1 MA plan shall provide that such MA organiza-
2 tion report to the Secretary (or to any person
3 or organization designated by the Secretary for
4 such purpose) any instances of probable fraud
5 or abuse related to the payment or delivery of
6 health benefits under such contract not later
7 than 60 days after such organization identifies
8 such instance.

9 “(B) GUIDANCE.—Not later than 90 days
10 after the date of the enactment of this para-
11 graph, the Secretary, in consultation with the
12 Inspector General of the Department of Health
13 and Human Services and the Attorney General,
14 shall issue to MA organizations (and PDP
15 sponsors) guidance for defining the terms
16 ‘fraud’ and ‘abuse’ for purposes of subpara-
17 graph (A).”.

18 (b) CONFORMING AMENDMENT TO PART D.—Section
19 1860D–12(b)(3)(C) of the Social Security Act (42 U.S.C.
20 1395w–112(b)(3)(C)) is amended by inserting before the
21 period at the end the following: “, except in applying para-
22 graph (7) of such section any reference to an MA organi-
23 zation, with respect to an MA plan, shall be deemed a ref-
24 erence to a PDP sponsor or MA organization, with respect
25 to a prescription drug plan or MA–PD plan”.

1 (c) EFFECTIVE DATE.—The amendments made by
2 subsections (a) and (b) shall apply with respect to plan
3 years beginning on or after the date of the enactment of
4 this Act.

