

113TH CONGRESS
2D SESSION

S. 2586

To establish a smart card pilot program under the Medicare program.

IN THE SENATE OF THE UNITED STATES

JULY 10, 2014

Mr. KIRK (for himself and Mr. RUBIO) introduced the following bill; which
was read twice and referred to the Committee on Finance

A BILL

To establish a smart card pilot program 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 2014”.

6 **SEC. 2. SECURE MEDICARE CARD PILOT PROGRAM.**

7 (a) PILOT PROGRAM IMPLEMENTATION (PHASE I).—

8 (1) IN GENERAL.—Not later than 18 months
9 after the date of the enactment of this Act, the Sec-
10 retary shall conduct a pilot program under title
11 XVIII of the Social Security Act for the purpose of

1 utilizing smart card technology for Medicare bene-
2 ficiary and provider identification cards in order
3 to—

4 (A) increase the quality of care furnished
5 to Medicare beneficiaries;

6 (B) improve the accuracy and efficiency in
7 the billing for Medicare items and services fur-
8 nished by Medicare providers;

9 (C) reduce the potential for identity theft
10 and other unlawful use of Medicare beneficiary
11 and provider identifying information; and

12 (D) reduce waste, fraud, and abuse in the
13 Medicare program.

14 (2) SITE REQUIREMENTS.—The Secretary shall
15 conduct the pilot program in at least 5 geographic
16 areas in which the Secretary determines there is a
17 high risk for waste, fraud, or abuse.

18 (3) DESIGN OF PILOT PROGRAM.—In designing
19 the pilot program, the Secretary shall provide for the
20 following:

21 (A) Implementation of a system that uti-
22 lizes a smart card as a Medicare identification
23 card for Medicare beneficiaries and Medicare
24 providers. Such a card shall contain appropriate
25 security features and protect personal privacy.

1 (B) Issuance of a new smart card to all
2 Medicare beneficiaries participating in the pilot
3 program. Such card shall not have the Social
4 Security number printed on the front but, in-
5 stead shall have such number stored securely on
6 the smart card chip along with other informa-
7 tion the Secretary deems necessary.

8 (C) Issuance of a new provider card to all
9 Medicare providers participating in the pilot
10 program. Such card shall include a photograph
11 of the provider and shall not have the Medicare
12 provider number printed on the front of the
13 card but, instead shall have such number stored
14 securely on the smart card chip along with
15 other information the Secretary deems nec-
16 essary.

17 (D) A process for enrollment of all Medi-
18 care providers that includes—

19 (i) identity and certification
20 verification; and

21 (ii) utilization of biometric data, such
22 as fingerprints, for provider identification
23 and authentication.

24 (E) A process under which the cards
25 issued under subparagraphs (B) and (C) are

1 used by both Medicare beneficiaries and Medi-
2 care providers to verify eligibility, prevent
3 fraud, and authorize transactions.

4 (F) Distribution of necessary equipment,
5 including cards, card readers, kiosks, biometric
6 readers, and other materials or documents to
7 Medicare beneficiaries and providers at no cost
8 to them.

9 (G) Regular monitoring and review by the
10 Secretary of Medicare providers' Medicare bil-
11 lings and Medicare beneficiaries' Medicare
12 records in order to identify and address inac-
13 curate charges and instances of waste, fraud, or
14 abuse.

15 (H) Reporting mechanisms for measuring
16 the cost savings to the Medicare program by
17 reason of the pilot program.

18 (I) Include provisions—

19 (i) to ensure that all devices and sys-
20 tems utilized as part of the pilot program
21 comply with standards for identity creden-
22 tials and biometric data developed by the
23 American National Standards Institute
24 and the National Institute of Standards
25 and Technology and Federal requirements

1 relating to interoperability and information
2 security, including all requirements under
3 the Health Insurance Portability and Ac-
4 countability Act of 1996;

5 (ii) to ensure that a Medicare bene-
6 ficiary's and provider's personal identi-
7 fying, health, and other information is pro-
8 tected from unauthorized access or disclo-
9 sure through the use of at least two-factor
10 authentication;

11 (iii) for the development of procedures
12 and guidelines for the use of identification
13 cards, card readers, kiosks, biometric data
14 and readers, and other equipment to verify
15 a Medicare beneficiary's identity and eligi-
16 bility for services;

17 (iv) to ensure that each Medicare ben-
18 eficiary and provider participating in the
19 pilot program is informed of—

20 (I) the purpose of the program;

21 (II) the processes for capturing,
22 enrolling, and verifying their eligibility
23 and, with respect to providers, their
24 biometric data;

1 (III) the manner in which the bi-
2 ometric data for providers will be
3 used; and

4 (IV) the steps that will be taken
5 to protect personal identifying, health,
6 and other information from unauthor-
7 ized access and disclosure;

8 (v) for addressing problems related to
9 the loss, theft, or malfunction of or dam-
10 age to equipment and any identifying docu-
11 ments or materials provided by the Sec-
12 retary;

13 (vi) for development of a hotline, Web
14 site, or other means by which Medicare
15 beneficiaries and providers can contact the
16 Secretary for assistance; and

17 (vii) for addressing problems related
18 to accessing care outside the pilot area and
19 cases where the individual faces issues re-
20 lated to physical or other capacity limita-
21 tions.

22 (4) PRIVACY.—Information on the smart card
23 shall only be disclosed if the disclosure of such infor-
24 mation is permitted under the Federal regulations
25 (concerning the privacy of individually identifiable

1 health information) promulgated under section
2 264(c) of the Health Insurance Portability and Ac-
3 countability Act of 1996.

4 (5) DISCLOSURE EXEMPTION.—Information on
5 the smart card shall be exempt from disclosure
6 under section 552(b)(3) of title 5, United States
7 Code.

8 (b) EXPANDED IMPLEMENTATION (PHASE II).—
9 Taking into account the interim report under subsection
10 (d)(2) the Secretary shall, through rulemaking, expand
11 the duration and the scope of the pilot program, to the
12 extent determined appropriate by the Secretary.

13 (c) WAIVER AUTHORITY.—The Secretary may waive
14 such provisions of titles XI and XVIII of the Social Secu-
15 rity Act as the Secretary determines to be appropriate for
16 the conduct of the pilot program.

17 (d) REPORTS TO CONGRESS.—

18 (1) PLAN.—Not later than 6 months after the
19 date of the enactment of this Act, the Secretary
20 shall submit to Congress a report that contains a de-
21 scription of the design and development of the pilot
22 program, including the Secretary's plan for imple-
23 mentation.

24 (2) INTERIM REPORT.—Not later than 1 year
25 after the pilot program is first implemented, the

1 Secretary shall conduct an evaluation of the pilot
2 program and submit an interim report to Congress.
3 Such an evaluation shall include an initial analysis
4 of the deployment of the program, the usability of
5 the card system, and the measures taken to protect
6 beneficiary and provider information.

7 (3) ADDITIONAL REPORT.—Not later than 2
8 years after the date that the pilot program is first
9 implemented, the Secretary shall submit to Congress
10 a report on the pilot program. Such report shall con-
11 tain a detailed description of issues related to the ex-
12 pansion of the program under subsection (b) and
13 recommendations for such legislation and adminis-
14 trative actions as the Secretary considers appro-
15 priate for implementation of the program on a na-
16 tionwide basis.

17 (e) FUNDING.—There are appropriated, from
18 amounts in the Treasury not otherwise appropriated,
19 \$29,000,000 for the design, implementation, and evalua-
20 tion of the pilot program. Amounts appropriated under the
21 preceding sentence shall remain available until expended.

22 (f) DEFINITIONS.—In this section:

23 (1) MEDICARE BENEFICIARY.—The term
24 “Medicare beneficiary” means an individual entitled
25 to, or enrolled for, benefits under part A of title

1 XVIII of the Social Security Act or enrolled for ben-
2 efits under part B of such title.

3 (2) MEDICARE PROGRAM.—The term “Medicare
4 program” means the health benefits program under
5 title XVIII of the Social Security Act.

6 (3) MEDICARE PROVIDER.—The term “Medi-
7 care provider” means a provider of services (as de-
8 fined in subsection (u) of section 1861 of the Social
9 Security Act (42 U.S.C. 1395x)) and a supplier (as
10 defined in subsection (d) of such section), including
11 a supplier of durable medical equipment and sup-
12 plies.

13 (4) PILOT PROGRAM.—The term “pilot pro-
14 gram” means the pilot program conducted under
15 this section.

16 (5) SECRETARY.—The term “Secretary” means
17 the Secretary of Health and Human Services.

18 (6) SMART CARD.—The term “smart card”
19 means a secure, electronic, machine readable, fraud-
20 resistant, tamper-resistant card that includes an em-
21 bedded integrated circuit chip with a secure micro-
22 controller.

1 **SEC. 3. REVISION OF FUNDING FOR THE CENTER FOR**
 2 **MEDICARE AND MEDICAID INNOVATION.**

3 Section 1115A(f) of the Social Security Act (42
 4 U.S.C. 1315a(f)) is amended—

5 (1) In paragraph (1)—

6 (A) in subparagraph (B), by striking
 7 “and” at the end;

8 (B) by redesignating subparagraph (C) as
 9 subparagraph (D);

10 (C) by inserting after subparagraph (B)
 11 the following new subparagraph:

12 “(C) \$8,900,000,000 for the activities ini-
 13 tiated under this section for the period of fiscal
 14 years 2020 through 2029; and”; and

15 (D) in subparagraph (D), as redesignated
 16 by subparagraph (B) of this paragraph, by
 17 striking “2020” and inserting “2030”; and

18 (2) in paragraph (2), by striking “and (C)” and
 19 inserting “, (C), and (D)”.

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