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# Calendar No. 183

114TH CONGRESS
1ST SESSION

# S. 861

**[Report No. 114–104]**

To amend titles XVIII and XIX of the Social Security Act to curb waste, fraud, and abuse in the Medicare and Medicaid programs.

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IN THE SENATE OF THE UNITED STATES

MARCH 25, 2015

Mr. CARPER (for himself, Mr. ENZI, Mr. WHITEHOUSE, Mr. JOHNSON, Mr. COONS, Mr. PORTMAN, Ms. KLOBUCHAR, Mr. COTTON, Mrs. MCCASKILL, Mr. BARRASSO, Mr. MANCHIN, Ms. AYOTTE, Mr. THUNE, Mrs. SHAHEEN, Mr. WARNER, Mr. TESTER, and Mr. BURR) introduced the following bill; which was read twice and referred to the Committee on Finance

JULY 30, 2015

Reported by Mr. HATCH, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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# A BILL

To amend titles XVIII and XIX of the Social Security Act to curb waste, fraud, and abuse in the Medicare and Medicaid programs.

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; TABLE OF CONTENTS.~~**

2 ~~(a) SHORT TITLE.—This Act may be cited as the~~
3 ~~"Preventing and Reducing Improper Medicare and Med-~~
4 ~~icaid Expenditures Act of 2015" or the "PRIME Act of~~
5 ~~2015".~~

6 ~~(b) TABLE OF CONTENTS.—The table of contents of~~
7 ~~this Act is as follows:~~

~~Sec. 1. Short title; table of contents.~~

~~TITLE I—CURBING IMPROPER PAYMENTS~~

~~Sec. 101. Requiring valid prescriber National Provider Identifiers on pharmacy claims.~~
~~Sec. 102. Reforming how CMS tracks and corrects the vulnerabilities identified by Recovery Audit Contractors.~~
~~Sec. 103. Improving Senior Medicare Patrol and fraud reporting rewards.~~
~~Sec. 104. Strengthening Medicaid Program integrity through flexibility.~~
~~Sec. 105. Establishing Medicare administrative contractor error reduction incentives.~~
~~Sec. 106. Strengthening penalties for the illegal distribution of a Medicare, Medicaid, or CHIP beneficiary identification or billing privileges.~~

~~TITLE II—IMPROVING DATA SHARING~~

~~Sec. 201. Access to the National Directory of New Hires.~~
~~Sec. 202. Improving the sharing of data between the Federal Government and State Medicaid programs.~~
~~Sec. 203. Improving claims processing and detection of fraud within the Medicaid and CHIP programs.~~

~~TITLE III—REPORT ON IMPLEMENTATION~~

~~Sec. 301. Report on implementation.~~

# ~~TITLE I—CURBING IMPROPER PAYMENTS~~

## ~~SEC. 101. REQUIRING VALID PRESCRIBER NATIONAL PROVIDER IDENTIFIERS ON PHARMACY CLAIMS.~~

~~Section 1860D–4(c) of the Social Security Act (42 U.S.C. 1395w–104(c)) is amended by adding at the end the following new paragraph:~~

~~"(4) REQUIRING VALID PRESCRIBER NATIONAL PROVIDER IDENTIFIERS ON PHARMACY CLAIMS.—~~

~~"(A) IN GENERAL.—For plan year 2016 and subsequent plan years, subject to subparagraph (B), the Secretary shall prohibit PDP sponsors of prescription drug plans from paying claims for prescription drugs under this part that do not include a valid prescriber National Provider Identifier.~~

~~"(B) PROCEDURES.—The Secretary shall establish—~~

~~"(i) procedures for determining the validity of prescriber National Provider Identifiers under subparagraph (A); and~~

~~"(ii) procedures for transferring to the Inspector General of the Department of Health and Human Services and appropriate law enforcement agencies and other~~

~~oversight entities information on those National Provider Identifiers and pharmacy claims, including records related to such claims, that the Secretary determines are invalid under clause (i).~~

~~"(C) REPORT.—Not later than January 1, 2018, the Inspector General of the Department of Health and Human Services shall submit to Congress a report on the effectiveness of the procedures established under subparagraph (B).".~~

**~~SEC. 102. REFORMING HOW CMS TRACKS AND CORRECTS THE VULNERABILITIES IDENTIFIED BY RECOVERY AUDIT CONTRACTORS.~~**

~~(a) IN GENERAL.—Section 1893(h) of the Social Security Act (42 U.S.C. 1395ddd(h)) is amended—~~

~~(1) in paragraph (8)—~~

~~(A) by striking "REPORT.—The Secretary" and inserting "REPORT.—~~

~~"(A) IN GENERAL.—Subject to subparagraph (C), the Secretary"; and~~

~~(B) by adding after subparagraph (A), as inserted by subparagraph (A), the following new subparagraphs:~~

~~"(B) INCLUSION OF IMPROPER PAYMENT VULNERABILITIES IDENTIFIED.—Each report submitted under subparagraph (A) shall, subject to subparagraph (C), include—~~

~~"(i) a description of—~~

~~"(I) the types and financial cost to the program under this title of improper payment vulnerabilities identified by recovery audit contractors under this subsection; and~~

~~"(II) how the Secretary is addressing such improper payment vulnerabilities; and~~

~~"(ii) an assessment of the effectiveness of changes made to payment policies and procedures under this title in order to address the vulnerabilities so identified.~~

~~"(C) LIMITATION.—The Secretary shall ensure that each report submitted under subparagraph (A) does not include information that the Secretary determines would be sensitive or would otherwise negatively impact program integrity."; and~~

~~(2) by adding at the end the following new paragraph:~~

1 ~~"(10) ADDRESSING IMPROPER PAYMENT~~
2 ~~VULNERABILITIES.—The Secretary shall address im-~~
3 ~~proper payment vulnerabilities identified by recovery~~
4 ~~audit contractors under this subsection in a timely~~
5 ~~manner, prioritized based on the risk to the program~~
6 ~~under this title.".~~
7 ~~(b) USE OF MEDICARE AND MEDICAID RECOVERY~~
8 ~~AUDIT CONTRACTOR RECOVERIES FOR PROVIDER EDU-~~
9 ~~CATION AND TO PREVENT IMPROPER PAYMENTS AND~~
10 ~~FRAUD.—~~
11 ~~(1) MEDICARE RAC PROGRAM.—Section~~
12 ~~1893(h)(1)(C) of the Social Security Act (42 U.S.C.~~
13 ~~1395ddd(h)(1)(C)) is amended—~~
14 ~~(A) by striking "the Secretary shall re-~~
15 ~~tain" and inserting "the Secretary—~~
16 ~~"(i) shall retain";~~
17 ~~(B) in clause (i), as added by subpara-~~
18 ~~graph (A)—~~
19 ~~(i) by inserting ", in addition to any~~
20 ~~other funds that may be available," after~~
21 ~~"available";~~
22 ~~(ii) by inserting "until expended"~~
23 ~~after "Services"; and~~
24 ~~(iii) by striking the period at the end~~
25 ~~and inserting a semicolon; and~~

~~(C) by adding at the end the following new clauses:~~

~~"(ii) may retain an additional portion of the amounts recovered (not to exceed 25 percent of such amounts recovered) which shall be available, in addition to any other funds that may be available, to such program management account until expended for purposes of activities to address problems that contribute to improper payments and fraud under this title; and~~

~~"(iii) shall retain an additional 5 percent of such amounts recovered to be made available, in addition to any other funds that may be available, to the Inspector General of the Department of Health and Human Services until expended for the Inspector General to carry out activities of the Inspector General relating to investigating improper payments or auditing internal controls associated with payments under this title.".~~

~~(2) MEDICAID RAC PROGRAM.—Section 1936 of the Social Security Act (42 U.S.C. 1396u–6) is~~

~~amended by adding at the end the following new subsection:~~

~~"(f) AMOUNTS RECOVERED THROUGH RECOVERY AUDIT CONTRACTORS.—Notwithstanding any other provision of law, the Secretary—~~

~~"(1) may retain a portion of the amounts recovered pursuant to the program established under section 1902(a)(42)(B) (not to exceed 25 percent of the Federal share of such amounts recovered) which shall be available, in addition to any other funds that may be available, to the program management account of the Centers for Medicare & Medicaid Services for purposes of activities to address problems that contribute to improper payments and fraud under this title; and~~

~~"(2) shall retain an additional 5 percent of the Federal share of such amounts recovered to be made available, in addition to any other funds that may be available, to the Inspector General of the Department of Health and Human Services until expended for the Inspector General to carry out activities of the Inspector General relating to investigating improper payments or auditing internal controls associated with payments under this title.".~~

~~(3) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 1 year after the date of enactment of this Act.~~

**~~SEC. 103. IMPROVING SENIOR MEDICARE PATROL AND FRAUD REPORTING REWARDS.~~**

~~(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall develop a plan to revise the incentive program under section 203(b) of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1395b–5(b)) to encourage greater participation by individuals to report fraud and abuse in the Medicare program. Such plan shall include recommendations for—~~

~~(1) ways to enhance rewards for individuals reporting under the incentive program, including rewards based on information that leads to an administrative action; and~~

~~(2) extending the incentive program to the Medicaid program.~~

~~(b) PUBLIC AWARENESS AND EDUCATION CAMPAIGN.—The plan developed under subsection (a) shall also include recommendations for the use of the Senior Medicare Patrols authorized under section 411 of the Older Americans Act of 1965 (42 U.S.C. 3032) to conduct a public awareness and education campaign to encourage~~

~~participation in the revised incentive program under subsection (a).~~

~~(c) SUBMISSION OF PLAN.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to Congress the plan developed under subsection (a).~~

**~~SEC. 104. STRENGTHENING MEDICAID PROGRAM INTEGRITY THROUGH FLEXIBILITY.~~**

~~Section 1936 of the Social Security Act (42 U.S.C. 1396u–6) is amended—~~

~~(1) in subsection (a), by inserting ", or otherwise," after "entities"; and~~

~~(2) in subsection (c)—~~

~~(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting "(including the costs of equipment, salaries and benefits, and travel and training)" after "Program under this section"; and~~

~~(B) in paragraph (3), by striking "by 100" and inserting "by 100, or such number as determined necessary by the Secretary to carry out the Program,".~~

**~~SEC. 105. ESTABLISHING MEDICARE ADMINISTRATIVE CONTRACTOR ERROR REDUCTION INCENTIVES.~~**

~~(a) IN GENERAL.—Section 1874A(b)(1)(D) of the Social Security Act (42 U.S.C. 1395kk–1(b)(1)(D)) is amended—~~

~~(1) by striking "QUALITY.—The Secretary" and inserting "QUALITY.—~~

~~"(i) IN GENERAL.—Subject to clauses (ii) and (iii), the Secretary"; and~~

~~(2) by inserting after clause (i), as added by paragraph (1), the following new clauses:~~

~~"(ii) IMPROPER PAYMENT ERROR RATE REDUCTION INCENTIVES.—The Secretary shall provide incentives for medicare administrative contractors to reduce the improper payment error rates in their jurisdictions.~~

~~"(iii) INCENTIVES.—The incentives provided for under clause (ii)—~~

~~"(I) may include a sliding scale of bonus payments and additional incentives to medicare administrative contractors that reduce the improper payment error rates in their jurisdictions to certain benchmark levels, as determined by the Secretary; and~~

~~"(II) shall include substantial reductions in award fee payments under award fee contracts, for any medicare administrative contractor that reaches an upper end error threshold or other threshold as determined by the Secretary.".~~

~~(b) EFFECTIVE DATE.—~~

~~(1) IN GENERAL.—The amendments made by subsection (a) shall apply to contracts entered into or renewed on or after the date that is 12 months after the date of enactment of this Act.~~

~~(2) CONTRACTS ENTERED INTO OR RENEWED PRIOR TO EFFECTIVE DATE.—In the case of contracts in existence on or after the date of the enactment of this Act and that are not subject to the effective date under paragraph (1), the Secretary of Health and Human Services shall, when appropriate and practicable, seek to apply the incentives provided for in the amendments made by subsection (a) through contract modifications.~~

**~~SEC. 106. STRENGTHENING PENALTIES FOR THE ILLEGAL DISTRIBUTION OF A MEDICARE, MEDICAID, OR CHIP BENEFICIARY IDENTIFICATION OR BILLING PRIVILEGES.~~**

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

~~"(4) Whoever knowingly, intentionally, and with the intent to defraud purchases, sells or distributes, or arranges for the purchase, sale, or distribution of a Medicare, Medicaid, or CHIP beneficiary identification number or billing privileges under title XVIII, title XIX, or title XXI shall be imprisoned for not more than 10 years or fined not more than $500,000 ($1,000,000 in the case of a corporation), or both.".~~

# ~~TITLE II—IMPROVING DATA SHARING~~

**~~SEC. 201. ACCESS TO THE NATIONAL DIRECTORY OF NEW HIRES.~~**

~~Section 453(j) of the Social Security Act (42 U.S.C. 653(j)) is amended by adding at the end of the following new paragraph:~~

~~"(12) INFORMATION COMPARISONS AND DISCLOSURES TO ASSIST IN ADMINISTRATION OF THE~~

~~MEDICARE PROGRAM AND STATE HEALTH SUBSIDY PROGRAMS.—~~

~~"(A) DISCLOSURE TO THE ADMINISTRATOR OF THE CENTERS FOR MEDICARE & MEDICAID SERVICES.—The Administrator of the Centers for Medicare & Medicaid Services shall have access to the information in the National Directory of New Hires for purposes of determining the eligibility of an applicant for, or enrollee in, the Medicare program under title XVIII or an applicable State health subsidy program (as defined in section 1413(c) of the Patient Protection and Affordable Care Act (42 U.S.C. 18083(c))).~~

~~"(B) DISCLOSURE TO THE INSPECTOR GENERAL OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.—~~

~~"(i) IN GENERAL.—If the Inspector General of the Department of Health and Human Services transmits to the Secretary the names and social security account numbers of individuals, the Secretary shall disclose to the Inspector General information on such individuals and their employ-~~

~~ers maintained in the National Directory of New Hires.~~

~~"(ii) USE OF INFORMATION.—The Inspector General of the Department of Health and Human Services may use information provided under clause (i) only for purposes of—~~

~~"(I) determining the eligibility of an applicant for, or enrollee in, the Medicare program under title XVIII or an applicable State health subsidy program (as defined in section 1413(e) of the Patient Protection and Affordable Care Act (42 U.S.C. 18083(e))); or~~

~~"(II) evaluating the integrity of the Medicare program or an applicable State health subsidy program (as so defined).~~

~~"(C) DISCLOSURE TO STATE AGENCIES.—~~

~~"(i) IN GENERAL.—If, for purposes of administering an applicable State health subsidy program (as defined in section 1413(e) of the Patient Protection and Affordable Care Act (42 U.S.C. 18083(e))), a~~

~~State agency responsible for administering such program transmits to the Secretary the names and social security account numbers of individuals, the Secretary shall disclose to such State agency information on such individuals and their employers maintained in the National Directory of New Hires, subject to this subparagraph.~~

~~"(ii) CONDITION ON DISCLOSURE BY THE SECRETARY.—The Secretary shall make a disclosure under clause (i) only to the extent that the Secretary determines that the disclosure would not interfere with the effective operation of the program under this part.~~

~~"(iii) USE AND DISCLOSURE OF INFORMATION BY STATE AGENCIES.—~~

~~"(I) IN GENERAL.—A State agency may not use or disclose information provided under clause (i) except for purposes of administering a program referred to in clause (i).~~

~~"(II) INFORMATION SECURITY.—The State agency shall have in effect data security and control policies that~~

the Secretary finds adequate to ensure the security of information obtained under clause (i) and to ensure that access to such information is restricted to authorized persons for purposes of authorized uses and disclosures.

"(III) PENALTY FOR MISUSE OF INFORMATION.—An officer or employee of the State agency who fails to comply with this clause shall be subject to the sanctions under subsection (l)(2) to the same extent as if such officer or employee were an officer or employee of the United States.

"(iv) PROCEDURAL REQUIREMENTS.—State agencies requesting information under clause (i) shall adhere to uniform procedures established by the Secretary governing information requests and data matching under this paragraph.

"(v) REIMBURSEMENT OF COSTS.—The State agency shall reimburse the Secretary, in accordance with subsection (k)(3), for the costs incurred by the Sec-

~~retary in furnishing the information requested under this subparagraph.''.~~

**~~SEC. 202. IMPROVING THE SHARING OF DATA BETWEEN THE FEDERAL GOVERNMENT AND STATE MEDICAID PROGRAMS.~~**

~~(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the ''Secretary'') shall establish a plan to encourage and facilitate the participation of States in the Medicare-Medicaid Data Match Program (commonly referred to as the ''Medi-Medi Program'') under section 1893(g) of the Social Security Act (42 U.S.C. 1395ddd(g)).~~

~~(b) PROGRAM REVISIONS TO IMPROVE MEDI-MEDI DATA MATCH PROGRAM PARTICIPATION BY STATES.—Section 1893(g)(1)(A) of the Social Security Act (42 U.S.C. 1395ddd(g)(1)(A)) is amended—~~

~~(1) in the matter preceding clause (i), by inserting ''or otherwise'' after ''eligible entities'';~~

~~(2) in clause (i)—~~

~~(A) by inserting ''to review claims data'' after ''algorithms''; and~~

~~(B) by striking ''service, time, or patient'' and inserting ''provider, service, time, or patient'';~~

~~(3) in clause (ii)—~~

1 ~~(A) by inserting "to investigate and re-~~
2 ~~cover amounts with respect to suspect claims"~~
3 ~~after "appropriate actions"; and~~
4 ~~(B) by striking "; and" and inserting a~~
5 ~~semicolon;~~
6 ~~(4) in clause (iii), by striking the period and in-~~
7 ~~serting "; and"; and~~
8 ~~(5) by adding at the end the following new~~
9 ~~clause:~~
10 ~~"(iv) furthering the Secretary's de-~~
11 ~~sign, development, installation, or enhance-~~
12 ~~ment of an automated data system archi-~~
13 ~~tecture—~~
14 ~~"(I) to collect, integrate, and as-~~
15 ~~sess data for purposes of program in-~~
16 ~~tegrity, program oversight, and ad-~~
17 ~~ministration, including the Medi-Medi~~
18 ~~Program; and~~
19 ~~"(II) that improves the coordina-~~
20 ~~tion of requests for data from~~
21 ~~States.".~~
22 ~~(c) PROVIDING STATES WITH DATA ON IMPROPER~~
23 ~~PAYMENTS MADE FOR ITEMS OR SERVICES PROVIDED TO~~
24 ~~DUAL ELIGIBLE INDIVIDUALS.—~~

~~(1) IN GENERAL.—The Secretary shall develop and implement a plan that allows each State agency responsible for administering a State plan for medical assistance under title XIX of the Social Security Act access to relevant data on improper or fraudulent payments made under the Medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for health care items or services provided to dual eligible individuals.~~

~~(2) DUAL ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term "dual eligible individual" means an individual who is entitled to, or enrolled for, benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.), or enrolled for benefits under part B of title XVIII of such Act (42 U.S.C. 1395j et seq.), and is eligible for medical assistance under a State plan under title XIX of such Act (42 U.S.C. 1396 et seq.) or under a waiver of such plan.~~

**~~SEC. 203. IMPROVING CLAIMS PROCESSING AND DETECTION OF FRAUD WITHIN THE MEDICAID AND CHIP PROGRAMS.~~**

~~(a) MEDICAID.—Section 1903(i) of the Social Security Act (42 U.S.C. 1396b(i)) is amended (after the appli-~~

~~cation of the amendments made by subsection (c) of this section)—~~

~~(1) in paragraph (25), by striking "or" at the end;~~

~~(2) in paragraph (26), by striking the period and inserting "; or"; and~~

~~(3) by inserting after paragraph (26), the following new paragraph:~~

~~"(27) with respect to amounts expended for an item or service for which medical assistance is provided under the State plan or under a waiver of such plan unless the claim for payment for such item or service contains a valid beneficiary identification number that, for purposes of the individual who received such item or service, has been determined by the State agency to correspond to an individual who is eligible to receive benefits under the State plan or waiver.".~~

~~(b) CHIP.—Section 2107(e)(1)(I) of the Social Security Act (42 U.S.C. 1397gg(e)(1)(I)) is amended by striking "and (17)" and inserting "(17), and (27)".~~

~~(c) TECHNICAL CORRECTIONS.—Effective as if included in the enactment of Public Law 111–148, the following sections of such Act are amended as follows:~~

~~(1) Section 6402(c)(3) is amended by striking "by adding at the end" and inserting "by inserting after paragraph (24)".~~

~~(2) Section 2001(a)(2)(B)(iii) is amended by striking "by adding at the end" and inserting "by inserting after paragraph (25)".~~

# ~~TITLE III—REPORT ON IMPLEMENTATION~~

**~~SEC. 301. REPORT ON IMPLEMENTATION.~~**

~~Not later than 270 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to Congress a report on the implementation of the provisions of, and the amendments made by, this Act.~~

***SECTION 1. SHORT TITLE.***

*This Act may be cited as the "Preventing and Reducing Improper Medicare and Medicaid Expenditures Act of 2015" or the "PRIME Act of 2015".*

***SEC. 2. STRENGTHENING MEDICAID PROGRAM INTEGRITY THROUGH FLEXIBILITY.***

*Section 1936 of the Social Security Act (42 U.S.C. 1396u–6) is amended—*

*(1) in subsection (a), by inserting ", or otherwise," after "entities"; and*

*(2) in subsection (e)—*

*(A) in paragraph (1), in the matter preceding subparagraph (A), by inserting "(including the costs of equipment, salaries and benefits, and travel and training)" after "Program under this section"; and*

*(B) in paragraph (3), by striking "by 100" and inserting "by 100, or such number as determined necessary by the Secretary to carry out the Program,".*

***SEC. 3. ESTABLISHING MEDICARE ADMINISTRATIVE CONTRACTOR ERROR REDUCTION INCENTIVES.***

*(a) IN GENERAL.—Section 1874A(b)(1)(D) of the Social Security Act (42 U.S.C. 1395kk–1(b)(1)(D)) is amended—*

*(1) by striking "QUALITY.—The Secretary" and inserting "QUALITY.—*

*"(i) IN GENERAL.—Subject to clauses (ii) and (iii), the Secretary"; and*

*(2) by inserting after clause (i), as added by paragraph (1), the following new clauses:*

*"(ii) IMPROPER PAYMENT RATE REDUCTION INCENTIVES.—The Secretary shall provide incentives for medicare administrative contractors to reduce the improper payment error rates in their jurisdictions.*

*"(iii) INCENTIVES.—The incentives provided for under clause (ii)—*

*"(I) may include a sliding scale of award fee payments and additional incentives to medicare administrative contractors that either reduce the improper payment rates in their jurisdictions to certain thresholds, as determined by the Secretary, or accomplish tasks, as determined by the Secretary, that further improve payment accuracy; and*

*"(II) may include substantial reductions in award fee payments under cost-plus-award-fee contracts, for medicare administrative contractors that reach an upper end improper payment rate threshold or other threshold as determined by the Secretary, or fail to accomplish tasks, as determined by the Secretary, that further improve payment accuracy.".*

*(b) EFFECTIVE DATE.—*

*(1) IN GENERAL.—The amendments made by subsection (a) shall apply to contracts entered into or*

*renewed on or after the date that is 3 years after the date of enactment of this Act.*

*(2) APPLICATION TO EXISTING CONTRACTS.—In the case of contracts in existence on or after the date of the enactment of this Act and that are not subject to the effective date under paragraph (1), the Secretary of Health and Human Services shall, when appropriate and practicable, seek to apply the incentives provided for in the amendments made by subsection (a) through contract modifications.*

***SEC. 4. STRENGTHENING PENALTIES FOR THE ILLEGAL DISTRIBUTION OF A MEDICARE, MEDICAID, OR CHIP BENEFICIARY IDENTIFICATION OR BILLING PRIVILEGES.***

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

*"(4) Whoever without lawful authority knowingly and willfully purchases, sells or distributes, or arranges for the purchase, sale, or distribution of a beneficiary identification number or unique health identifier for a health care provider under title XVIII, title XIX, or title XXI shall be imprisoned for not more than 10 years or fined not more than $500,000 ($1,000,000 in the case of a corporation), or both.".*

***SEC. 5. IMPROVING THE SHARING OF DATA BETWEEN THE FEDERAL GOVERNMENT AND STATE MEDICAID PROGRAMS.***

*(a) IN GENERAL.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall establish a plan to encourage and facilitate the participation of States in the Medicare-Medicaid Data Match Program (commonly referred to as the "Medi-Medi Program") under section 1893(g) of the Social Security Act (42 U.S.C. 1395ddd(g)).*

*(b) PROGRAM REVISIONS TO IMPROVE MEDI-MEDI DATA MATCH PROGRAM PARTICIPATION BY STATES.—Section 1893(g)(1)(A) of the Social Security Act (42 U.S.C. 1395ddd(g)(1)(A)) is amended—*

*(1) in the matter preceding clause (i), by inserting "or otherwise" after "eligible entities";*

*(2) in clause (i)—*

*(A) by inserting "to review claims data" after "algorithms"; and*

*(B) by striking "service, time, or patient" and inserting "provider, service, time, or patient";*

*(3) in clause (ii)—*

*(A) by inserting "to investigate and recover amounts with respect to suspect claims" after "appropriate actions"; and*

*(B) by striking "; and" and inserting a semicolon;*

*(4) in clause (iii), by striking the period and inserting "; and"; and*

*(5) by adding at the end the following new clause:*

*"(iv) furthering the Secretary's design, development, installation, or enhancement of an automated data system architecture—*

*"(I) to collect, integrate, and assess data for purposes of program integrity, program oversight, and administration, including the Medi-Medi Program; and*

*"(II) that improves the coordination of requests for data from States.".*

*(c) PROVIDING STATES WITH DATA ON IMPROPER PAYMENTS MADE FOR ITEMS OR SERVICES PROVIDED TO DUAL ELIGIBLE INDIVIDUALS.—*

*(1) IN GENERAL.—The Secretary shall develop and implement a plan that allows each State agency responsible for administering a State plan for medical assistance under title XIX of the Social Security Act access to relevant data on improper or fraudulent payments made under the Medicare program under*

*title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) for health care items or services provided to dual eligible individuals.*

*(2) DUAL ELIGIBLE INDIVIDUAL DEFINED.—In this section, the term "dual eligible individual" means an individual who is entitled to, or enrolled for, benefits under part A of title XVIII of the Social Security Act (42 U.S.C. 1395c et seq.), or enrolled for benefits under part B of title XVIII of such Act (42 U.S.C. 1395j et seq.), and is eligible for medical assistance under a State plan under title XIX of such Act (42 U.S.C. 1396 et seq.) or under a waiver of such plan.*

***SEC. 6. REPORT ON IMPLEMENTATION.***

*Not later than 18 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to Congress a report on the implementation of the provisions of, and the amendments made by—*

*(1) this Act; and*

*(2) sections 506 and 507 of the Medicare Access and CHIP Reauthorization Act of 2015 (Public Law 114–10).*

**Calendar No. 183**

114th CONGRESS
1st Session

# S. 861

**[Report No. 114–104]**

# A BILL

To amend titles XVIII and XIX of the Social Security Act to curb waste, fraud, and abuse in the Medicare and Medicaid programs.

July 30, 2015

Reported with an amendment