



## 99TH GENERAL ASSEMBLY

### State of Illinois

2015 and 2016

HB3735

by Rep. Patricia R. Bellock

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Medicaid Smart Card Pilot Program Act. Requires the Director of the Department of Healthcare and Family Services to establish a Medicaid Smart Card Pilot Program to reduce the total amount of expenditures under the State's Medical Assistance Program. Provides that the pilot program shall be designed to reduce the average monthly cost under the State's Medical Assistance Program for recipients within the pilot program area by an amount that is at least sufficient to recover the cost of implementing the pilot program. Provides that the Director shall determine the geographic area to be included in the pilot program and may contract with an independent entity for the purpose of developing and implementing the pilot program. Contains provisions on required activities under the pilot program, including the distribution of Medicaid Smart Cards to designated recipients; measures the Department might take to implement the pilot program; annual evaluations; reporting requirements; extension or expansion of the pilot program; the confidentiality of health information; reports to the Inspector General; and rulemaking authority.

LRB099 07625 KTG 27756 b

FISCAL NOTE ACT  
MAY APPLY

A BILL FOR

1 AN ACT concerning public aid.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Medicaid Smart Card Pilot Program Act.

6 Section 5. Definitions. As used in this Act:

7 "Abuse" means provider practices that are inconsistent  
8 with sound fiscal, business, or medical practices and result in  
9 unnecessary costs to the State's Medical Assistance Program or  
10 in reimbursement for services that are not medically necessary  
11 or that fail to meet professionally recognized standards for  
12 health care. The term also includes recipient practices that  
13 result in unnecessary costs to the State's Medical Assistance  
14 Program.

15 "Director" means the Director of the Department of  
16 Healthcare and Family Services.

17 "Department" means the Department of Healthcare and Family  
18 Services.

19 "Designated recipient" means a recipient who is issued a  
20 Medicaid Smart Card.

21 "Fraud" means an intentional deception or  
22 misrepresentation made by any person with the knowledge that  
23 the deception could result in some unauthorized benefit to that

1 person or another person, including any act that constitutes  
2 fraud under applicable federal or State law.

3 "Health care facility" means any facility licensed under  
4 the Hospital Licensing Act, the Nursing Home Care Act, the  
5 ID/DD Community Care Act, the Specialized Mental Health  
6 Rehabilitation Act of 2013, or any other laws of this State  
7 that is certified to participate in the State's Medical  
8 Assistance Program.

9 "Health care professional" means (i) a person licensed  
10 under the Medical Practice Act of 1987, (ii) a person licensed  
11 or registered under other laws of this State to provide dental,  
12 medical, pharmaceutical, optometric, podiatric, or nursing  
13 services, or other remedial care recognized under State law,  
14 and (iii) a person licensed under other laws of this State as a  
15 clinical social worker.

16 "Medicaid Smart Card" means a Medicaid eligibility  
17 identification card that contains personal health information  
18 about the individual to whom it is issued, and which is  
19 distributed to designated recipients of medical assistance for  
20 use in the pilot program in lieu of the Medical Card issued by  
21 the Department to recipients under the State's Medical  
22 Assistance Program.

23 "Medical assistance" means medical assistance benefits  
24 provided under the State's Medical Assistance Program pursuant  
25 to Article V of the Illinois Public Aid Code.

26 "Pilot program" means the Medicaid Smart Card Pilot Program

1 established pursuant to this Act.

2 "Provider" means a health care professional or health care  
3 facility providing health care services to a designated  
4 recipient.

5 "Recipient" means a recipient of medical assistance  
6 benefits provided under Article V of the Illinois Public Aid  
7 Code.

8 "Transaction" means each occasion on which a designated  
9 recipient presents at a provider's premises for the receipt of  
10 health care services from that provider.

11 Section 10. Medicaid Smart Card Pilot Program.

12 (a) The Director shall establish a Medicaid Smart Card  
13 Pilot Program. The objective of the pilot program shall be to  
14 reduce the total amount of expenditures under the State's  
15 Medical Assistance Program, by reducing the average health care  
16 cost per designated recipient, relative to what would be  
17 expended in the absence of the pilot program. The pilot program  
18 shall be designed to reduce the average monthly cost under the  
19 State's Medical Assistance Program for recipients within the  
20 pilot program area by an amount that is at least sufficient to  
21 recover the cost of implementing the pilot program.

22 The Director shall determine the geographic area to be  
23 included in the pilot program and may contract with an  
24 independent entity as the Director determines appropriate for  
25 the purpose of developing and implementing the pilot program.

1 (b) The pilot program shall include the following  
2 activities, at a minimum:

3 (1) enrollment of designated recipients as pilot  
4 program participants;

5 (2) distribution of Medicaid Smart Cards to designated  
6 recipients;

7 (3) authentication of designated recipients at the  
8 point of transaction, at the onset and completion of each  
9 transaction, in order to prevent card sharing and other  
10 forms of abuse or fraud;

11 (4) denial of ineligible persons at the point of  
12 transaction;

13 (5) authentication of providers at the point of  
14 transaction to prevent improper billing practices and  
15 other forms of abuse or fraud;

16 (6) any efforts necessary to secure and protect the  
17 personal identity and information of designated  
18 recipients.

19 (c) The Director shall develop such policies and procedures  
20 as necessary concerning the distribution and activation of  
21 Medicaid Smart Cards for designated recipients and the handling  
22 of lost, stolen, or otherwise unavailable Medicaid Smart Cards.

23 (d) The pilot program may include the use of any of the  
24 following:

25 (1) a secure Internet-based information system for  
26 recording and reporting authenticated transactions;

1           (2) a secure Internet-based information system that  
2 interfaces with the appropriate State databases to  
3 determine the eligibility of designated recipients;

4           (3) a system that gathers analytical information to be  
5 provided to data-mining companies in order to assist in  
6 data-mining processes;

7           (4) a Medicaid Smart Card with the ability to store  
8 multiple recipients' information on one card;

9           (5) procedures that do not require pre-enrollment of  
10 designated recipients; and

11           (6) an image of the designated recipient stored on both  
12 the Medicaid Smart Card and the database with which it is  
13 matched.

14           (e) In implementing the pilot program, the Department may  
15 do any of the following:

16           (1) incorporate additional or alternative methods of  
17 authentication of designated recipients;

18           (2) enter and store billing codes, deductible amounts,  
19 and bill confirmations;

20           (3) allow electronic prescribing services and  
21 prescription database integration and tracking in order to  
22 prevent medical error through information sharing and to  
23 reduce prescription drug abuse and lower health care costs;

24           (4) implement quick-pay incentives for a provider when  
25 an electronic prescribing service, electronic health  
26 record, electronic patient record, or computerized patient

1 record used by the provider automatically synchronizes  
2 with a designated recipient's Medicaid Smart Card and the  
3 provider electronically submits a claim; and

4 (5) allow elements of the pilot program, including, but  
5 not limited to, Medicaid Smart Cards, fingerprint  
6 scanners, and card readers, to be adapted for use by other  
7 State programs administered by the Department in order to  
8 reduce costs associated with the use of multiple electronic  
9 benefit cards by a recipient.

10 (f) The Department shall collaborate with the Secretary of  
11 State to ensure that driver's license photographic and other  
12 identification data are utilized to reduce the cost of  
13 implementing the pilot program to the maximum extent  
14 practicable.

15 (g) The Director shall apply for such State plan amendments  
16 or waivers as may be necessary to implement the provisions of  
17 this Act and to secure such federal financial participation  
18 through the federal Medicaid program as may be available for  
19 State expenditures made under this Act.

20 Section 15. Annual evaluation. The Department shall  
21 evaluate the pilot program annually to:

22 (1) assess the impact of the pilot program on the  
23 average monthly health care cost per recipient under the  
24 State's Medical Assistance Program, including an  
25 assessment of how the health care costs per recipient in

1 geographic areas participating in the pilot program  
2 compare to the health care costs per recipient in  
3 geographic areas not participating in the pilot program;

4 (2) distinguish the impact of the pilot program from  
5 other demographic, geographic, and health care factors  
6 that may affect the average monthly health care costs per  
7 recipient under the State's Medical Assistance Program;

8 (3) quantify the cost savings attributable to the pilot  
9 program and identify those strategies necessary to achieve  
10 the highest rate of cost savings from the pilot program;

11 (4) assess variations in the impact of the pilot  
12 program on the average monthly health care cost per  
13 recipient and the cost savings thereby generated, by  
14 provider type, by county, and by other geographic,  
15 demographic, or health care characteristics as identified  
16 by the Department;

17 (5) assess the extent to which designated recipients  
18 receive health care services outside of the geographic area  
19 of the pilot program in order to avoid abuse or fraud  
20 detection; and

21 (6) survey a representative sample of recipients in the  
22 geographic area of the pilot program, prior to the start of  
23 the pilot program and at least annually thereafter, to  
24 collect data about health care services received, the  
25 frequency of those services, recipient satisfaction with  
26 services used, and recipient satisfaction with the pilot



1 program.

2 The Department may collect any additional data necessary to  
3 evaluate the scope, effectiveness, and impact of the pilot  
4 program, including, but not limited to: claims data; other  
5 health care data; demographic data; and geographic data.

6 Section 20. Reports. No later than one year after the  
7 effective date of this Act and annually thereafter for such  
8 time as the pilot program remains in effect, the Director shall  
9 submit a report to the Governor and to the General Assembly on  
10 the results of the pilot program with regard to achieving its  
11 objective and the results of the annual evaluation conducted  
12 pursuant to Section 15. The report may include recommendations  
13 for appropriate legislative or administrative action necessary  
14 to further the purpose of this Act.

15 Section 25. Extension or expansion of pilot program. The  
16 Director shall not extend the pilot program unless the Director  
17 has determined that the pilot program has achieved its  
18 objective and shall not expand the pilot program unless the  
19 annual evaluation conducted pursuant to Section 15 indicates  
20 that the pilot program can be expanded through savings to the  
21 State's Medical Assistance Program achieved by the pilot  
22 program. The Director's recommendations concerning whether to  
23 extend the pilot program or to expand the pilot program to  
24 encompass more recipients shall be included in the Director's

1 second annual report pursuant to Section 20. The pilot program  
2 shall terminate 2 years after the effective date of this Act  
3 unless extended by the Director.

4 Section 30. Health information; confidentiality.

5 (a) The provisions of this Act shall not be construed as  
6 affecting any person's obligation to comply with the  
7 requirements of federal and State law and regulations  
8 concerning the privacy of personal health information.

9 (b) The Director, the Department, and any employee thereof,  
10 if acting in good faith, shall not be held responsible for any  
11 action of any contractor or subcontractor in the event that the  
12 contractor or subcontractor is found to have violated any  
13 federal or State law or regulation concerning the privacy of  
14 personal health information.

15 Section 35. Reports to Inspector General; rules.

16 (a) If the Department has reason to believe that abuse or  
17 fraud has been perpetrated in connection with the pilot  
18 program, the Department shall refer any such matter to the  
19 Inspector General appointed under Section 12-13.1 of the  
20 Illinois Public Aid Code.

21 (b) The Department shall adopt any rules necessary to  
22 implement the provisions of this Act.