

112TH CONGRESS  
1ST SESSION

# S. 1551

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

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 13, 2011

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

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## 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 2011”.

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

1 XVIII of the Social Security Act for the purpose of  
2 utilizing smart card technology for Medicare bene-  
3 ficiary and provider identification cards in order  
4 to—

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

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

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

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

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

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

22 (A) Implementation of a system that uti-  
23 lizes a smart card as a Medicare identification  
24 card for Medicare beneficiaries and Medicare

1 providers. Such a card shall contain appropriate  
2 security features and protect personal privacy.

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

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

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

21 (i) identity and certification verifica-  
22 tion; and

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

1           (E) A process under which the cards  
2 issued under subparagraphs (B) and (C) are  
3 used by both Medicare beneficiaries and Medi-  
4 care providers to verify eligibility, prevent  
5 fraud, and authorize transactions.

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

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

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

20           (I) Include provisions—

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

1 and the National Institute of Standards  
2 and Technology and Federal requirements  
3 relating to interoperability and information  
4 security, including all requirements under  
5 the Health Insurance Portability and Ac-  
6 countability Act of 1996;

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

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

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

22 (I) the purpose of the program;

23 (II) the processes for capturing,  
24 enrolling, and verifying their eligibility

1 and, with respect to providers, their  
2 biometric data;

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

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

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

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

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

24 (4) PRIVACY.—Information on the smart card  
25 shall only be disclosed if the disclosure of such infor-

1       mation is permitted under the Federal regulations  
2       (concerning the privacy of individually identifiable  
3       health information) promulgated under section  
4       264(c) of the Health Insurance Portability and Ac-  
5       countability Act of 1996.

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

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

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

19       (d) REPORTS TO CONGRESS.—

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

1           (2) INTERIM REPORT.—Not later than 1 year  
2 after the pilot program is first implemented, the  
3 Secretary shall conduct an evaluation of the pilot  
4 program and submit an interim report to Congress.  
5 Such an evaluation shall include an initial analysis  
6 of the deployment of the program, the usability of  
7 the card system, and the measures taken to protect  
8 beneficiary and provider information.

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

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

24       (f) DEFINITIONS.—In this section:



1           (1) MEDICARE BENEFICIARY.—The term  
2 “Medicare beneficiary” means an individual entitled  
3 to, or enrolled for, benefits under part A of title  
4 XVIII of the Social Security Act or enrolled for ben-  
5 efits under part B of such title.

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

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

16           (4) PILOT PROGRAM.—The term “pilot pro-  
17 gram” means the pilot program conducted under  
18 this section.

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

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

1 (g) REVISION OF MEDICARE IMPROVEMENT FUND.—

2 Section 1898(b)(1) of the Social Security Act (42 U.S.C.

3 1395iii(b)(1)) is amended—

4 (1) by striking subparagraphs (A) and (B) and

5 inserting the following subparagraph:

6 “(A) fiscal year 2015, \$246,000,000; and”;

7 and

8 (2) by redesignating subparagraph (C) as sub-

9 paragraph (B).

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