



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB2189

Introduced 4/26/2017, by Sen. Michael Connelly

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.

LRB100 12235 KTG 24743 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.