

MEDICARE COMMON ACCESS CARD ACT OF 2011

Section-by-Section

With at least \$60 billion in waste, fraud, and abuse in the Medicare program, the first step to ensuring funds for senior health care and controlling taxpayer expenses is to upgrade the Medicare card using secure smart card technology, similar to the one already used for Department of Defense personnel. Verifying identity through a secure smart card will protect a beneficiary's personal information, prevent fraud among beneficiaries and providers, and legitimize Medicare claims. The Department of Defense has issued over 20 million secure smart cards as their "Common Access Card" (CAC) to authenticate and verify users for access to programs and facilities. To date, DoD reports not a single Common Access Card has been counterfeited.

We cannot stop or prevent fraud in the system until we find a way to know and verify who is authorized to provide and receive benefits. This bill builds on the success of the DoD CAC card to establish a program that simply and securely verifies the identity of both Medicare beneficiaries and providers. By implementing well-established Common Access Card technology to protect the Medicare program, we can save U.S. taxpayers billions of dollars.

SECTION 1. SHORT TITLE

SECTION 2. SECURE MEDICARE CARD PILOT PROGRAM

Pilot Program Implementation (Phase I)

The Secretary of Health and Human Services (HHS) will design and implement a smart card pilot program in 5 geographic areas considered to be areas of high programmatic risk utilizing smart card technology to

- increase the quality of care,
- improve the accuracy in the Medicare billing system,
- reduce the potential for identity theft and,
- prevent waste, fraud, and abuse.

The secure upgraded Medicare card program starts small by issuing a new card to beneficiaries taking part in the pilot program. The new card is a secure smart card that protects the beneficiary's personal information by taking it off the front of the card and putting it into a secure encrypted chip. Patients present this secure Medicare card at the point of service and use it to verify services received by placing into a reader, entering their PIN, and confirming the transaction with the provider.

Medicare providers will go through an enrollment process to verify their identity and eligibility to bill for services. In the case of providers, they will submit a biometric during enrollment that will be securely stored on the chip. Providers will need to match their biometric to the card at the time they present their card to a reader to verify services were provided and subsequently bill them to Medicare.

Securing the Medicare Billing Transaction

After providing services to a beneficiary, providers will insert their provider card into the reader and provide the corresponding biometric to authenticate themselves to the terminal reader. At the same time, the beneficiary will insert their beneficiary card into the same reader and provide their corresponding PIN code. Since both cards have integrated circuit chips, the transaction will be digitally signed and verified.

The secured, upgraded cards verify both the eligibility of beneficiaries to participate in the Medicare program and eligibility of providers to bill Medicare for services and equipment. By creating an electronic record between the beneficiary and provider, it ensures that services and equipment were not only provided but also received, signaling that it can then be paid for by CMS. The fully electronic transaction also creates significant billing and processing efficiencies.

The pilot program is required to use existing federal standards for identity credentials and biometric data, and protect data through existing federal privacy and security standards.

Expanded Implementation (Phase II)

HHS will be required to monitor the progress of the secure Medicare card program and report to Congress one year following implementation of the pilot with an initial analysis that will discuss the:

- status of the deployment of the program
- the usability of the card system to beneficiaries and providers
- and measures taken to protect beneficiary and provider information

Two years following the secure Medicare card program implementation, HHS is required to report to Congress with an additional analysis that will discuss the findings from implementing the Medicare smart card and make recommendations for the expansion and implementation of the program nationwide.

FUNDING

The cost to implement the pilot program in 5 geographic areas is funded by transferring \$29 million from the Medicare Improvement Fund (MIF). The MIF was established by the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 to make funds available to HHS for the purpose of making improvements under the Medicare Parts A & B programs including program integrity improvements.