

Senate Bill 220

By: Senator Hill of the 32nd

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 4 of Title 49 of the Official Code of Georgia Annotated, relating to public
2 assistance, so as to provide for a pilot program for the use of smart cards for Medicaid
3 program recipients; to provide for the provisions of such program; to provide for measures
4 to determine success of program; to provide for reports; to provide for implementation and
5 coordination with other laws and other agencies; to provide for related matters; to repeal
6 conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 SECTION 1.

9 Chapter 4 of Title 49 of the Official Code of Georgia Annotated, relating to public assistance,
10 is amended by adding a new article to read as follows:

11 "ARTICLE 10

12 49-4-210.

13 (a) As used in this article, the term 'department' means the Department of Community
14 Health.

15 (b) There is established under the department the Georgia Smart Card Pilot Program. The
16 pilot program shall be administered by the department. The department shall determine the
17 scope of the pilot program and may enter into an agreement with a third-party vendor for
18 the purpose of developing and executing the pilot program in accordance with this article.
19 The pilot program shall be initiated for a six- to 12 month period. The pilot program shall
20 involve enrollment, distribution, and use of smart cards by designated recipients as
21 replacements for currently used Medicaid assistance cards.

22 49-4-211.

23 (a) The pilot program shall be designed to do all of the following:

- 24 (1) Authenticate recipients at the onset and completion of each point of transaction in
25 order to prevent card sharing and other forms of fraud;
- 26 (2) Deny ineligible persons at the point of transaction;
- 27 (3) Authenticate providers at the point of transaction to prevent phantom billing and
28 other forms of provider fraud;
- 29 (4) Secure and protect the personal identity and information of recipients; and
- 30 (5) Reduce the total amount of medical assistance expenditures by reducing the average
31 cost per recipient.
- 32 (b) The pilot program may include all of the following:
- 33 (1) A secure, web based information system for recording and reporting authenticated
34 transactions;
- 35 (2) A secure, web based information system that interfaces with the appropriate state
36 data bases to determine eligibility of recipients;
- 37 (3) A system that gathers analytical information to be provided to data-mining
38 companies in order to assist in data-mining processes;
- 39 (4) A smart card with the ability to store multiple recipients' information on one card.
- 40 (5) No requirement for pre-enrollment of recipients; and
- 41 (6) An image of the recipient stored on both the smart card and data base.
- 42 (c) In implementing the pilot program, the department may do the following:
- 43 (1) Incorporate additional or alternative methods of authentication of recipients;
- 44 (2) Enter and store billing codes, deductible amounts, and bill confirmations;
- 45 (3) Allow electronic prescribing services and prescription data base integration and
46 tracking in order to prevent medical error through information sharing and to reduce
47 pharmaceutical abuse and lower health care costs;
- 48 (4) Implement quick-pay incentives for providers when electronic prescribing services,
49 electronic health records, electronic patient records, or computerized patient records used
50 by providers automatically synchronize with recipients' smart cards and electronically
51 submit a claim; and
- 52 (5) Allow the program, including, but not limited to, smart cards, fingerprint scanners,
53 and card readers, to be adapted for use by other state programs administered by the
54 department in order to reduce costs associated with the necessity of multiple cards per
55 recipient.
- 56 (d) The pilot program shall be considered a success if it meets the minimum criteria
57 defined by this article and reduces the average monthly cost of recipients within the pilot
58 program area to recover the cost of the smart card program. In the event that the pilot
59 program does not meet the minimum criteria to be considered a success, the department
60 may extend and revise the pilot program as necessary and reevaluate the results. In order

61 to evaluate the average monthly cost of recipients within the pilot program and develop the
62 strategy necessary to target the highest rate of savings to the state plan, four sample sets of
63 figures shall be analyzed for the pilot program, including the following:

64 (1) **Establishment of base figures.** Gather claims data for a first sample set, which shall
65 include all claims for the recipients within the pilot program area and the average cost per
66 recipient by provider type and county from at least the prior year for the exact time period
67 for all areas in the pilot program;

68 (2) **Adjusted base figures for increase or decrease in cost of services.** In order to
69 evaluate increases or decreases in the cost of services, a second sample set shall be
70 gathered and adjusted to the base figures of the first sample set. The second sample set
71 of claims data shall represent a rural area and an urban area not participating in the pilot
72 program, with as close as possible demographics as the population of recipients in the
73 pilot program areas, including specific data relating to gender, age, race, and ethnicity,
74 county similarities, number of providers, and the average cost per recipient. This sample
75 set shall be analyzed against the prior year's figures and compared to current year figures
76 for the same time frame and area to determine an increase or decrease in cost of services.
77 This sample set shall not have any major changes from the prior year to the current year
78 that would change the comparison, such as the introduction of managed care in the area.
79 The increase or decrease in cost per recipient from this sampling set shall be factored into
80 the data set determined pursuant to paragraph (1) of this subsection to derive at an
81 adjusted base figure or average cost per recipient per month;

82 (3) **Comparison of base figures to current figures.** A third sample set of data shall be
83 gathered reflecting the claims data of the recipients and the average cost per recipient on
84 a monthly basis during the pilot program by provider type. A comparison of the adjusted
85 base figures arrived at by the prior sampling set with the actual figures from this third
86 sample set shall be made to determine how much the state saved by provider type.

87 Recipients leaving the pilot program area to avoid fraud detection will be noted; thus, the
88 third sample set shall be adjusted by claims derived outside of the pilot program area; and

89 (4) **Recipient surveying.** A fourth sample set of data shall be obtained by sampling
90 2 percent of Medicaid recipients in the pilot program area and shall be surveyed prior to
91 the start of the pilot program to acknowledge services used, frequency of services used,
92 and satisfaction of services used. This survey shall be taken again at the completion of
93 the pilot program to rate the level of satisfaction of the pilot program.

94 (e) The pilot program shall not be expanded unless the department's data indicates that the
95 program can be expanded through program savings. During the pilot program, the
96 department may consider the feasibility of expanding the pilot program, including the need
97 to develop rules and policies related to the following:

98 (1) The handling of lost, forgotten, or stolen cards;
99 (2) Enrolling all recipients, regardless of age, for participation in the program; and
100 (3) Distributing and activating smart cards for designated recipients.
101 (f) The department shall work with the Department of Driver Services to ensure that state
102 data, such as drivers' license photos and other identification data, is leveraged to reduce
103 program cost.

104 49-4-212.

105 By June 30, 2014, the department shall submit a detailed written report on the
106 implementation and success of the smart card pilot program to the Governor, to the Speaker
107 of the House of Representatives, to the President of the Senate, to the chairs of the Senate
108 and House of Representatives Appropriations Committees, and to the Office of Planning
109 and Budget.

110 49-4-213.

111 This article shall be construed to be consistent with the federal Social Security Act, and any
112 provision of this article found to be in conflict with the federal Social Security Act shall be
113 deemed to be void and of no effect. If, before implementing any provision of this article,
114 the department determines that a waiver or authorization from a federal agency is necessary
115 for implementation of that provision, the department shall request the waiver or
116 authorization as soon as practicable.

117 49-4-214.

118 All federal and state laws regulating the privacy of personal health information, including
119 the federal Health Insurance Portability and Accountability Act of 1998 (HIPAA) and the
120 federal Health Information Technology for Economic and Clinical Health (HITECH) Act
121 shall apply. If, in connection with the pilot program, the department has reason to believe
122 medical assistance fraud has been committed, the department shall refer such matters to the
123 Attorney General or the appropriate district attorney for prosecution. Prosecutions can
124 involve both criminal and civil penalties allowable under law, up to a felony criminal
125 conviction.

126 49-4-215.

127 Code Sections 49-4-213 and 49-4-214 shall apply to all contracts made by the department
128 in regard to this pilot program. All compliance and prosecution provisions in this article
129 shall be incorporated into all contracts, subcontracts, and any other contractual documents
130 created between the department and a third-party vendor. All contracting parties shall be

131 subject to all applicable federal and state laws and shall be subject to prosecution if there
132 is any violation of federal or state laws with regard to privacy of personal health
133 information. The department, if acting in good faith, shall not be held responsible for any
134 action of any contractor or subcontractor in the event that that contractor or subcontractor
135 violates any federal or state laws regarding the protection of personal health information."

136 **SECTION 2.**

137 All laws and parts of laws in conflict with this Act are repealed.