

By: Delisi

H.B. No. 3204

Substitute the following for H.B. No. 3204:

By: Miller

C.S.H.B. No. 3204

A BILL TO BE ENTITLED

AN ACT

relating to a front-end Medicaid fraud reduction pilot program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.060 to read as follows:

Sec. 32.060. FRONT-END MEDICAL ASSISTANCE FRAUD PILOT PROGRAM. (a) In this section:

(1) "Biometric reader" means a device that confirms the identity of a smart card bearer by reading the biometric identification within the card.

(2) "Smart card" means a card issued to a recipient of medical assistance that includes biometric identification of the recipient based on the recipient's fingerprints or other physical characteristics.

(b) The Health and Human Services Commission, with cooperation from the Texas Department of Human Services, shall develop and implement a front-end medical assistance fraud reduction pilot program in the service areas containing Harris and Dallas counties.

(c) The program must be designed to reduce:

(1) the number of medical assistance fraud cases arising from medical and professional services billed to the medical assistance program but not actually furnished; and

(2) the number of medical assistance fraud cases

1 arising from authentication fraud and abuse.

2 (d) The program must include use of a computer-managed
3 system that captures a fingerprint image or other biometric
4 identifying characteristic of a recipient of medical assistance and
5 compares that image or characteristic with other records to verify
6 the identity of the recipient and the presence of the recipient at
7 the location at which services are furnished.

8 (e) The system required by Subsection (d) must include:

9 (1) smart cards issued to recipients of medical
10 assistance at no cost to those recipients;

11 (2) secure mathematical algorithm fingerprint-imaging
12 that complies with applicable state and federal law; and

13 (3) biometric readers that are based at the locations
14 at which medical assistance providers furnish services and
15 associated local and system-wide software that is Health Level 7
16 (HL7) compliant.

17 (f) A smart card required by Subsection (e)(1) may include
18 color photographs of the card bearer.

19 (g) The commission may contract with public and private
20 entities to implement and operate the program.

21 (h) The commission may adopt rules necessary to implement
22 and operate the program.

23 (i) The commission shall seek enhanced federal matching
24 funds, to the extent they are available, to implement the program.
25 The commission may adjust the program by rule, if necessary, for the
26 state to become eligible for those funds.

27 (j) To the extent practicable, the commission shall develop

1 and implement the program so that smart cards and other program
2 components are compatible with future use of the cards and program
3 components to provide for direct electronic provider payments under
4 the medical assistance program.

5 SECTION 2. Not later than January 1, 2005, the Health and
6 Human Services Commission shall report to the governor, the
7 lieutenant governor, and the speaker of the house of
8 representatives regarding the pilot program required by Section
9 32.060, Human Resources Code, as added by this Act. The report must
10 include:

11 (1) an evaluation of the effectiveness of the program
12 in reducing Medicaid fraud; and

13 (2) based on that evaluation, recommendations
14 regarding termination, continuation, or expansion of the program.

15 SECTION 3. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2003.