HOUSE
RESEARCH
ORGANIZATION bill analysis                    5/23/2005

SB 47
Nelson (Delisi)
(CSSB 47 by Delisi)

SUBJECT:        Requiring point-of-service identification from Medicaid recipients

COMMITTEE:      Public Health — committee substitute recommended

VOTE:           8 ayes —  Delisi, Laubenberg, Coleman, Dawson, Jackson, McReynolds, Solis, Truitt

                0 nays

                1 absent —  Zedler

SENATE VOTE:    On final passage, April 6 — 24-6  (Barrientos, Ellis, Gallegos, Shapleigh, West, Zaffirini)

WITNESSES:      For — Anne Dunkelberg, Center for Public Policy Priorities

                Against — None

BACKGROUND:     In 2003, HB 2292 by Wohlgemuth created a Medicaid fraud pilot program that featured a "smart card" carried by recipients, fingerprint identification checked against the state's database of TANF recipients, and a point-of-service monitoring system in doctor's offices, pharmacies, and other places.

                The Health and Human Services Commission (HHSC) established the pilot program in six counties from March to December of 2004. Participants received an identification card with biometric information stored on it, and provider offices were outfitted with card readers. When the participant checked in for a service, the monitor verified that the participant's fingerprint matched the biometric information stored on the card. It also recorded the time the patient checked in and out. Participation in the pilot was voluntary for both providers and patients, and children and the elderly were exempt.

DIGEST:         CSSB 47 would require HHSC to implement the smart card authentication and verification statewide among Medicaid recipients, if cost effective. HHSC would determine whether children and the elderly would participate, methods for collecting the initial fingerprint, and policies for

lost or forgotten cards.

If a waiver or other federal authorization were required, HHSC would be directed to obtain it. HHSC also would be required to report to the Legislature the plan for implementation and a progress report by December 1, 2006.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

SUPPORTERS
SAY:

CSSB 47 would target Medicaid fraud by establishing a front-end verification system and gathering information for a back-end analysis. The front-end verification would reduce "phantom claims," bills for visits that never actually occurred and card swapping or theft. The information about the amount of time a client spent in an office would indicate if providers were billing for longer visits than actually occurred.

The pilot project did not result in any negative effects for patients or providers. The use of the card was not burdensome, and the check-in for the service was easy to do.

A separate bill, SB 46 by Nelson, would take the concept of the smart card one step further by permitting HHSC to develop and implement a method to collect eligibility information from applicants for use by all programs, which could be stored on the smart card. Medicaid recipients would find that a single card could be used for application and renewal purposes as well as at the doctor's office.

OPPONENTS
SAY:

The pilot program did not produce any reduction in fraud, and HHSC recommended a larger pilot program to determine whether the program would produce results before expanding it statewide.

This bill could cost the state. HHSC has not completed the cost-effectiveness study to determine whether any savings could be achieved, let alone whether the initial costs of the program would be covered. Directing HHSC to implement the program without further testing would be imprudent even if the commission could halt the program at a later date if it were found not to be cost effective.
While Medicaid fraud reduction is a noble goal, the state should never require children to be fingerprinted to obtain assistance. Although HHSC

did not include children in the pilot project, this bill would allow it in the future.

NOTES:    The House committee substitute removed restrictions on how HHSC could validate a child's identity.

The fiscal note estimates no cost to the state, but notes that HHSC has not completed the cost-effectiveness test on the pilot project.