

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB 1378

House of Origin ___ Introduced X Substitute ___ Engrossed
Second House ___ In Committee ___ Substitute ___ Enrolled

2. Patron: Sickles

3. Committee: Appropriations

4. Title: Department of Medical Assistance Services; pilot program for the use of biometric data

- 5. Summary:** The substitute bill directs the Department of Medical Assistance Services to develop a pilot program for storing Medicaid recipient biometric data. Biometric data is used to describe the information collected during an enrollment, verification, or identification process and is stored on “smart cards”. Smart cards are generally a credit card-sized card with a microprocessor and memory. The cards would be presented by Medicaid recipients at the point of contact with medical providers who would use biometric readers to verify recipient identity and eligibility for services as well as electronic records reflecting information about services rendered to the recipient. The goals of the program include improving quality of care, improving accuracy and efficiency of billing, reducing identity theft, and reducing waste, fraud, and abuse.

The pilot program shall be established in a least one rural, one suburban, and one urban county in the Commonwealth. DMAS shall monitor the data collected to identify any inaccurate charges or instances of waste, fraud and abuse.

The department is required to report on the implementation, costs, and savings associated with the pilot program beginning December 1, 2011 and each year thereafter.

6. Fiscal Impact Estimates: Indeterminable. SEE ITEM 8.

7. Budget Amendment Necessary: Yes, but the actual dollar amounts are not known.

- 8. Fiscal Implications:** This bill is expected to have a significant fiscal impact. The bill requires the agency to develop a system that uses biometric data, such as fingerprints, for which a recipient of Medicaid will utilize at a service provider to ensure identity and eligibility for services. DMAS must develop a system in which they can store a recipient’s information on a “smart card.” The software and hardware costs to develop this system are not known at this time. The department will also have to make contract modifications with their fiscal agent and other contractors, which may increase contractual costs.

The bill requires DMAS to provide every provider in the pilot program (which must include at least three counties) with a biometric reader. The costs of such readers are not known since the number of providers is dependent on what three counties are chosen for the pilot. In

addition, every Medicaid recipient in those localities will have to have a smart card, so knowing the actual recipient populations of the pilot counties is necessary to adequately estimate the costs of the physical cards themselves.

The bill also requires that DMAS provide information about the system to all providers and recipients participating in the pilot program. This even includes an actual demonstration of the data capture and verification process. The department must also make available a hotline or other method of contact with DMAS so the recipients and providers have access to technical assistance. While the department has existing methods to provide information to providers and recipients, this new biometric system is very different from what the agency typically communicates to providers or recipients. Therefore, it is reasonable to assume that there are additional training and other technical assistance costs, which cannot be estimated at this time.

There are too many unknowns and specific details about the implementation of this bill to provide any certainty to the fiscal impact at this time. While no fiscal impact estimates are provided at this point, the nature of what the bill requires will result in a significant fiscal impact on DMAS.

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 2/5/2010 dpb

Document: G:\GA Sessions\2010 Session\HB1378H1.Doc