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HOUSE BILL NO. 1378**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Health, Welfare, and Institutions
on February 4, 2010)

(Patron Prior to Substitute—Delegate Sickles)

A BILL to require the Department of Medical Assistance Services to develop a pilot program for the use of biometric data to improve quality of care and efficiency and reduce waste, fraud, and abuse in the Commonwealth's Medicaid program.

Be it enacted by the General Assembly of Virginia:

1. § 1. A. *That the Department of Medical Assistance Services establish a pilot program to (i) increase the quality of care provided to recipients of medical assistance services; (ii) improve the accuracy and efficiency in billing for medical assistance services by providers; (iii) reduce the potential for identity theft and the unlawful use of recipients' identifying information; and (iv) reduce waste, fraud, and abuse in the state's Medicaid program, including cases in which a recipient attempts to receive services to which he is not entitled by applying for services using false identifying information, or allows other persons to use his information to obtain services for which such persons are not eligible.*

B. *The pilot program shall include a system that utilizes biometric data such as fingerprints to immediately verify a recipient's identity and eligibility for services, and to create, store, and use electronic records that contain information about the type, nature, and duration of services rendered to a recipient by a provider. Equipment, including biometric readers and any cards or other materials or documents issued to recipients, shall be provided by the Department at no cost to recipients and providers.*

C. *Such program shall be established in at least one rural, one suburban, and one urban county of the Commonwealth, shall include a sufficient number of persons to ensure collection of meaningful data and information, and shall include all medical assistance services recipients in the county or counties selected for participation in the pilot program.*

D. *The Department shall regularly monitor and review individual service recipients' electronic records and identify and address inaccurate charges and instances of waste, fraud, or abuse.*

§ 2. *In developing the pilot program, the Department shall ensure that all devices and systems comply with standards for biometric data developed by the American National Standards Institute/National Institute of Standards and Technology and all state and federal requirements relating to interoperability and information security, including all requirements of the Health Insurance Portability and Accountability Act (42 U.S.C. § 1320d et seq.). The Department shall also take steps to ensure that service recipients' personal identifying, health, and other information are protected from unauthorized disclosure. As part of the program, the Department shall adopt procedures and guidelines necessary to facilitate the use of smart cards and biometric readers.*

§ 3. *In implementing the pilot program, the Department shall ensure that every medical assistance services provider and recipient participating in the program is informed as to the purpose of the program; the processes for capturing, enrolling, and verifying biometric data, including actual demonstration of the data capture and verification processes; how biometric data will be used; and steps that will be taken to protect personal identifying, health, and other information from unauthorized disclosure. The Department shall also inform medical assistance services providers and recipients participating in the pilot program of procedures for addressing problems related to the loss, theft, malfunction, or damage to equipment and any identifying documents or materials provided by the Department. Additionally, the Department shall make available to medical assistance services providers and recipients a hotline or other method of contact through which providers and recipients may contact the Department for assistance.*

§ 4. *The Department shall report to the General Assembly regarding implementation of the pilot program, costs of the program, savings associated with the program, and any other pertinent information, no later than December 1 of 2011 and each year thereafter for each year of the program's duration.*

§ 5. *The Department shall seek federal funding to offset all or some portion of the costs of the program.*

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