

House Ways and Means Subcommittees on Social Security and Health Hearing Removing Social Security Numbers from Beneficiaries' Medicare Cards

August 1, 2012

The Ways and Means Social Security and Health Subcommittees held a hearing on August 1, 2012 to consider the options and costs associated with removal of Social Security Numbers (SSNs) from beneficiaries' Medicare cards. A [GAO study](#) on the topic was discussed during the hearing.

Background:

In 2010, according to the U.S. Department of Justice, seven percent of households in the U.S., or about 8.6 million households, had a least one member age 12 or older who experienced identity theft. Of these households, over 1 million were headed by seniors, age 65 and older. The Social Security number (SSN) is especially valuable to identity thieves as it serves as the key to authenticating an individual's identity in order to open accounts or obtain other benefits in the victim's name. The Government Accountability Office (GAO) first recommended removing the SSN from government documents in 2002. In 2007, President George W. Bush's Identity Theft Task Force found that the SSN is "the most valuable commodity for an identity thief" and its first recommendation was to reduce the unnecessary use of SSNs. That same year, the White House Office of Management and Budget issued a directive to all federal agencies to develop a plan for reducing the use of SSNs in government transactions and to explore alternatives to their use. To date, CMS has not developed a plan for removing the SSN from the Medicare card to protect beneficiaries from identity theft and protect taxpayers from fraudulent billing.

Social Security Subcommittee Chairman Sam Johnson (R-TX) provided background on the history of efforts to remove SSNs from beneficiaries' Medicare Cards. He referenced H.R. 6600, the "Medicare Identity Theft Prevention Act of 2008", which he introduced with Rep. Lloyd Doggett directing the Secretary of Health and Human Services (HHS) to establish cost-effective procedures to ensure that SSNs are not included on Medicare cards moving forward. H.R. 6600 was passed by the house on September 28, 2008 but failed to gain action by the Senate. Chairman Johnson expressed his frustration with the inaction by CMS on removing SSNs from beneficiaries' Medicare cards, and the implications this served for identity theft and security of the 50 million Medicare card holders.

Panel:

Tony Trenkle, Director of the Office of Information Services and Chief Information Officer, Centers for Medicare and Medicaid Services (CMS), testified about the use of SSNs within Medicare. Mr. Trenkle stated that CMS takes seriously the risk of identity theft for Medicare beneficiaries. He said action has been taken by CMS through education efforts and removal of SSNs on insurance cards for enrollees in private Medicare health and prescription drug plans. He argued that SSN is used as a basis for beneficiary identification because it is essential for multiple CMS systems to process and track claims and enrollment, to conduct antifraud and quality improvement efforts and to coordinate with the Railroad Retirement Boards (RRB) and state Medicaid programs across the country. CMS released a report in November 2011 that outlined three potential implementation scenarios to address the concern over the presence of

SSNs on Medicare Cards. Scenario 1 proposed a new Medicare Card and number replacement, Scenario 2 proposed a new Medicare Card and new number for query purposes only, and Scenario 3 proposed a new Medicare Card with only partial display of the number replacement. Mr. Trenkle estimated the costs for implementation of one of these Scenarios would require approximately \$812 to \$842 million dollars, depending on the Scenario selected.

Kathleen M. King, Director of Health Care for the Government Accountability Office (GAO) and Daniel Bertoni, Director of Education, Workforce, and Income Security Issues for the GAO, testified on their review of the options presented by CMS for removing SSNs from Medicare Cards and the agency's cost estimates for these options. GAO reviewed CMS's 2011 report and supporting documentation to Congress. Of the three options presented, they found that replacing the SSN with a new identifier for use by beneficiaries and providers offers the greatest protection against identity theft. GAO expressed concerns with the assumptions used by CMS to develop its cost estimates that raise questions about their reliability. They recommended that CMS select an approach for removing the SSN from the Medicare Card that best protects beneficiaries from identity theft and minimizes burdens for providers, beneficiaries, and CMS. Finally, GAO recommended CMS develop an accurate, well documented cost estimate for such an option using standard cost-estimating procedures.

Questions and Discussion from the Committee Members:

Health Subcommittee Chairman Wally Herger (R-CA) explained that he receives letters from constituents asking for Congress to act to remove SSNs from Medicare Cards. He expressed disappointment in CMS for failure to take action, especially since private insurers and other departments, including the Department of Defense (DOD) and Veterans Affairs (VA) had already done so. Chairman Herger suggested that all of these agencies and organizations faced similar challenges, but managed to implement changes without additional funding. He suggested that CMS is not interested in protecting beneficiaries from identity theft. Herger questioned whether the enactment of the ACA was a factor, calling the request for additional funding a "money grab."

Health Subcommittee Ranking Member Pete Stark (D-CA) was concerned that CMS had failed to provide sound estimates for implementation of this action. He emphasized that it will take bureaucratic effort to reach a solution to this problem. Rep. Stark asked Mr. Trenkle which scenario he preferred, to which he responded Scenario 1.

Chairman Sam Johnson (R-TX) stated that he does not understand why CMS cannot develop and implement a plan to remove SSNs from Medicare Cards. Chairman Johnson asked Mr. Bertoni what factors influence the move away from SSN use. Mr. Bertoni replied ease of use and convenience. Mr. Bertoni explained that there has been progress in the area of SSN display on cards and documents in many areas, including education and student IDs, drivers' licenses, and private insurance. He said that CMS is a major outlier and suggested it is time to catch up with the rest of the world.

Social Security Subcommittee Ranking Member Xavier Becerra (D-CA) highlighted the role of the Social Security Administration (SSA) in this endeavor. Card issuance, collection of premiums, and handling of questions are all done by the SAA. He emphasized the need for considerable outreach, and the costs associated with the project, expressing concern for the seniors affected by an increasingly stretched budget.

Chairman Wally Herger (R-CA) asked why CMS had not acted, and why CMS could not use existing money. Mr. Trenkle responded by highlighting differences in structure and funding arrangements among the federal agencies referenced in comparison to CMS, and the large scale and scope of CMS responsibilities..

Social Security Subcommittee Member Lloyd Doggett (D-TX) explained his frustration with the 2011 CMS report, particularly the basis for the cost estimate, and turned to the GAO, who also failed to find an answer. He pointed out that CMS had made no attempt to seek insight from the VA or DOD in how they went about removing SSNs from Medicare Cards. Rep. Doggett suggested that until Congress passes legislation on this issue.

Health Subcommittee Member Jim Gerlach (R-PA) asked Mr. Trenkle to estimate the amount of savings attributable to reduced Medicare fraud resulting from the removal of SSNs from cards.

Health Subcommittee Member Bill Pascrell (D-NJ) asked Mr. Trenkle how long it would take CMS to implement these proposed changes, to which Mr. Trenkle responded four years, with three years dedicated to developing a plan, and one year dedicated to distributing new numbers and cards.