

The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
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Overview

On Wednesday, August 1, 2012, the U.S. House Committee on Ways and Means, Social Security and Health Subcommittees, held a joint hearing on removing Social Security numbers (SSN) from Medicare cards. The joint hearing examined options for removing SSNs from Medicare cards, including the cost and impact of doing so, along with why CMS has failed to develop and execute a plan to remove the SSN from beneficiary Medicare cards.

Two witnesses were asked to testify on a single panel. The written testimony of each of the witnesses can be found by clicking on the respective links below:

Hearing Panel

Tony Trenkle

Chief Information Officer and Director, Office of Information Services, Centers for Medicare and Medicaid Services, Department of Health and Human Services, Baltimore, MD

[Testimony](#)

Kathleen King

Director, Health Care, accompanied by Daniel Bertoni, Director, Education, Workforce, and Income Security, Government Accountability Office

[Testimony](#)

The following Members of Congress attended the hearing:

Social Security Subcommittee:

Chairman Sam Johnson (R-3rd-TX)

Representative Rick Berg (R-At Large-ND)

Representative Adrian Smith (R-3rd-NE)

Ranking Member Xavier Becerra (D-31st-CA)

Representative Lloyd Doggett (D-25th-TX)

Health Subcommittee:

Chairman Wally Herger (R-2nd-CA)

Representative Dave Reichert (R-8th-WA)

Representative Jim Gerlach (R-6th-PA)

Ranking Member Pete Stark (D-13th-CA)

Representative Earl Blumenauer (D-3rd-OR)

Representative Bill Pascrell (D-8th-NJ)

Trade Subcommittee:

Ranking Member Jim McDermott (D-7th-WA)

Hearing Background Provided by the Subcommittees

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. In 2008, the Social Security Administration (SSA) Inspector General found that displaying SSNs on beneficiary Medicare cards unnecessarily places millions of Americans at risk for identity theft and recommended that the SSN be removed from Medicare cards. Also in 2008, the House of Representatives passed H.R. 6600, the "Medicare Identity Theft Prevention Act of 2008," introduced by Representatives Lloyd Doggett (D-TX) and Sam Johnson (R-TX), 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. This legislation passed the House by voice vote on September 28, 2008. Unfortunately, the Senate did not act on this legislation.

Today, nearly 50 million Medicare cards display SSNs, the main component of the health insurance claim number (HICN). SSA and the Railroad Retirement Board assign HICNs to eligible Medicare beneficiaries. The HHS Centers for Medicare and Medicaid Services (CMS) administers the Medicare program and relies on the HICN for administering Medicare benefits, including requiring beneficiaries to present the HICN to document eligibility for Medicare services and requiring approximately 1.4 million providers to use the HICN for billing services.

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. In response to a July 2010 bipartisan request from the Committee on Ways and Means, CMS reported in November 2011 its estimates of three potential options for removing SSNs from Medicare cards, each projected to cost more than \$800 million, nearly triple the amount the agency had preliminarily estimated in 2006. CMS also estimated that the change would take four years to test and implement and cited the risks to its systems and those of its provider and health care partners if the necessary resources were not provided. On September 13, 2011, Chairman Sam Johnson and Congressman Lloyd Doggett asked GAO to examine the lessons learned from the efforts of the Departments of Defense and Veterans Affairs to remove SSNs from their identification cards and later asked GAO to review CMS's 2011 report, including the options and their estimated costs.

In announcing this hearing, Chairman Johnson said, **“Seniors are urged not to carry their Social Security card to protect their Social Security number, but at the same time are being told they must have their Medicare card with them at all times in order to get health care. This makes no sense. Many agencies in the public and private sector have removed the Social Security number from their benefit or ID cards to protect people, yet CMS refuses to protect the 48 million Medicare beneficiaries from ID theft by doing the same. That’s why Congressman Lloyd Doggett and I have introduced H.R. 1509, removing the Social Security number from the Medicare card and reducing the ID theft danger that CMS has long ignored.”**

In announcing the hearing, Chairman Herger said, **"It is puzzling why CMS has not taken commonsense steps to protect Medicare beneficiaries from preventable identity theft by removing Social Security numbers from their Medicare cards. Other federal health programs and private health insurance plans invested in these changes years ago. This hearing enables the Subcommittees to explore whether CMS has a plan to remove Social Security numbers from beneficiary cards and determine whether its previous analysis in this area is reliable."**

Opening Statements

The opening statements of Chairman Johnson, Chairman Herger, and Ranking Member Becerra can be accessed by clicking on the respective links below:

Subcommittee on Social Security Chairman Sam Johnson (R-3rd-TX)

<http://waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=305331>

Subcommittee on Health Chairman Wally Herger (R-2nd-CA)

<http://waysandmeans.house.gov/News/DocumentSingle.aspx?DocumentID=305334>

Subcommittee on Social Security Ranking Member Xavier Becerra (D-31st-CA)

<http://democrats.waysandmeans.house.gov/press/PRArticle.aspx?NewsID=12223>

Subcommittee on Health Ranking Member Pete Stark (D-13th-CA)

No online statement was available for Ranking Member Stark at the time this Hearing Report was prepared.

Panel Opening Statements

Following opening statements from Chairman Johnson (R-3rd-TX), Chairman Herger (R-2nd-CA), Ranking Member Becerra (D-31st-CA) and Ranking Member Stark (D-13th-CA), Tony Trenkle, Chief Information Officer and Director, Office of Information Services, Centers for Medicare and Medicaid Services (CMS), Department of Health and Human Services, presented his oral remarks. Mr. Trenkle began by noting that CMS understands the risk to beneficiaries of having their Social Security number on their Medicare Identification card. Thus, added Mr. Trenkle, CMS is happy to work with Congress, even if it means reprioritizing some of their workloads over time, to develop an approach to remove SSNs from Medicare cards. Given the recent estimates, from the 2011 CMS Report titled, “Update on the Assessment of the Removal of

Social Security Numbers from Medicare Cards,” it is clear that any such change would require significant time, resources, and staff, and would potentially present a great risk to continued access to healthcare for some Medicare beneficiaries, added Mr. Trenkle.

Mr. Trenkle added that as a health care organization, Medicare annually processes about 1.3 billion claims from about 1.5 million providers on behalf of 52 million Medicare beneficiaries. Any change to the Medicare card would impact each Medicare beneficiary, along with health care providers, health insurers and States, as well as the operations and systems of the primary Federal agencies involved in the administration of Medicare: CMS, SSA, and the Railroad Retirement Board (RRB) noted Mr. Trenkle.

Of the three scenarios identified in the November 2011 CMS report, CMS believes that the option to replace the SSN with a new identifier best meets the goals of reducing the risk of identity theft and fraud and minimizes the burden on beneficiaries and providers, noted Mr. Trenkle. Again, CMS shares Congress’s concern about the SSN being on the Medicare card, but also recognizes the challenge, on many fronts, of removing the number. CMS has already begun to take a number of steps to protect beneficiaries from identity theft. One step is that CMS has removed the SSNs from the Medicare beneficiary notices, which are mailed on a quarterly basis, and has prohibited private Medicare prescription drug plans from using the SSN, added Mr. Trenkle. In closing, Mr. Trenkle stated that he can assure the subcommittees that CMS will continue to work to protect beneficiaries from fraud and identity theft where possible, and the administration is happy to work with Congress to remove SSNs from Medicare cards.

Following Mr. Trenkle, Kathleen King, Director, Health Care, accompanied by Daniel Bertoni, Director, Education, Workforce and Income Security, Government Accountability Office (GAO), presented her opening remarks. Ms. King noted that more than 48 million Medicare cards display an SSN as part of the health insurance claim number (HICN). The HICN plays an essential role in the administration of the Medicare program and is used by CMS to interact with beneficiaries.

In response to a request from the House Ways and Means Committee, CMS presented three options for removing the SSN from the Medicare card, stated Ms. King. All three options would generally require similar efforts including coordinating with stakeholders, converting information technology systems, conducting provider and beneficiary outreach, training of business partners, and issuing of new cards, noted Ms. King. Of the three options, GAO found that replacing the SSN with a new identifier offers beneficiaries the greatest protection against identity theft, because the SSN would no longer be printed on the card. Additionally, because providers would not need the SSN to interact with CMS, they would not have to retain the numbers, thus reducing beneficiary vulnerability, added Ms. King. CMS estimated that implementation would cost between \$803 million and \$845 million over four years, depending on the option selected. Of that amount, about 66 percent of the cost would come from the modification of state IT systems, and CMS IT conversions.

GAO has four key concerns regarding the methods and assumptions CMS used to develop its cost estimates, that raise questions about their reliability. First, noted Ms. King, CMS did not use any cost-estimating guidance when developing its estimates. Second, the procedures used to develop estimates for the two largest cost categories are questionable and not well documented. Third, added Ms. King, GAO identified inconsistencies in some assumptions used by CMS and SSA in the development of the estimates. Lastly, CMS did not take into account other factors when developing its cost estimates.

In closing, Ms. King stated that while CMS has identified various options for removing the SSN from the Medicare card, the agency has not committed to a plan for such removal. Lack of action leaves beneficiaries vulnerable, thus GAO recommends CMS select an approach for removing the SSN, one that best protects the beneficiaries from identity theft and minimizes the burden.

Panel Question and Answer

Following opening statements from the panel, the question and answer session began. The summary below details a few key exchanges during this session.

Chairman Johnson began by asking Mr. Trenkle why on a number of fronts it has taken CMS so long to remove SSNs from the Medicare cards. He also asked if given this delay whether CMS is really concerned about the risk that beneficiaries face by having the SSN on their card. Mr. Trenkle responded that CMS does understand the frustration of the subcommittees, and yes, CMS is concerned. Chairman Johnson next stated that given the fact that other agencies have begin removing the numbers, it seems like CMS is “thumbing their nose” at this Congress and seniors. Mr. Trenkle responded that both the U.S. Department of Veterans Affairs (VA) and Department of Defense (DoD) are on very different scales than CMS when it comes to removing the SSN; also the VA and DoD are closed systems, CMS obviously is not.

Following Chairman Johnson, Ranking Member Becerra (D-31st-CA) asked questions of the panel. Ranking Member Becerra questioned Mr. Trenkle about where individuals must go to apply for Medicare. Mr. Trenkle responded that individuals must go to a Social Security office to apply. Social Security is part of the process of issuing these Medicare cards, as well as collecting the premium for them, and answering questions about Medicare, noted Ranking Member Becerra. Given all this, added Ranking Member Becerra, it is clear SSA will have a large role in any process that is chosen to remove the SSN from the Medicare cards. Mr. Trenkle responded that he has worked at both SSA and CMS, so he has a strong understanding of the impact on SSA of removing the SSN from the Medicare card.

Ranking Member Becerra next asked Mr. Trenkle if either CMS or SSA is currently receiving any funds to remove the SSN from the Medicare card. Mr. Trenkle responded that neither agency is receiving any funds for this. Ranking Member Becerra then asked if CMS and SSA would have to shift resources from other services to pay for the removal of the SSN. Mr. Trenkle responded that yes, CMS and SSA would have to shift resources away from other services to pay for the removal of the SSN from the Medicare cards. Ranking Member Becerra noted that SSA is

already experiencing longer wait times for services, offices closing earlier, and a reduction in the size of its staff. Finally, Ranking Member Becerra stated that he can only imagine what would happen if SSA was also tasked with participating in and partially funding the removal of SSNs from Medicare cards.

Chairman Wally Herger (R-2nd-CA) was next to question the panelists. He began by noting that CMS has failed to lead and/or act in removing SSNs from the Medicare cards, and as a result some 50 million Americans have been at risk. Chairman Herger asked Mr. Trenkle if the current administration believes that SSNs should be removed from Medicare Identification cards to protect seniors. Mr. Trenkle responded that CMS does believe that option number one, which GAO spoke of, would offer the greatest protection to beneficiaries against identity theft. Chairman Herger then asked why CMS has not acted. Mr. Trenkle responded that CMS currently has a number of congressional mandates they are trying to implement, and this would be a very expensive and extensive endeavor, thus CMS needs to work with these subcommittees and others in Congress to reprioritize the agency's workloads. Mr. Trenkle also indicated that it would be tough to tackle this project if additional appropriations were not provided to CMS.

Ranking Member Stark (D-13th-CA) directed the next question to the panelists. Ranking Member Stark asked Mr. Trenkle if he would reestimate how long it would take for CMS, and how expensive it would be, to complete the project of removing SSNs from Medicare cards. Mr. Trenkle responded that he believes CMS could leverage the work that has already been done, as well as work with GAO to put together a more rigorous cost estimation, and have a response within the next six months.

Next to query the panel was Ranking Member Jim McDermott (D-7th-WA) of the House Ways and Means Subcommittee on Trade. Ranking Member McDermott, who is a medical doctor, asked Mr. Trenkle if CMS printed all new cards today, 50 million of them, without the SSNs on them, what impact would that have on the providers. Mr. Trenkle stated that changing the Medicare cards is going to have a huge impact on the providers, and will be a significant change for them. Mr. Trenkle noted the changing of Medicare cards will most likely impact the services for some beneficiaries.

Representative Rick Berg (R-At Large-ND) was next to direct a question to the panel. Representative Berg asked Mr. Bertoni, who was accompanying Ms. King, what CMS could learn from the other agencies that have begun to remove the SSN from documents. Mr. Bertoni added that first and foremost, CMS has to believe in it, either because they are mandated to, or because of the cultural shift away from the use of SSNs as identifiers on Medicare cards. Then, move forward by using technology to remove the SSNs from the cards, added Mr. Bertoni. Lastly, the cost to remove the SSN is high, because it is a rapid implementation, but some of this cost could be reduced if CMS uses some of the same technologies that other agencies have used.

Also of note during the question and answer portion was a comment made by Representative Lloyd Doggett (D-TX-25th), that if SSNs are removed from the Medicare cards, “there are some appropriations that will be necessary, but those appropriations have to go hand in hand with an attitude that is more responsive about the severity of this problem.”

Additionally, Chairman Johnson, throughout the question and answer session and the hearing in general, referenced H.R. 1509, the Medicare Identity Theft Prevention Act of 2011, which he sponsored. The bill, as written, would ensure that Social Security numbers would not be displayed on the Medicare card, and that another identifier would be used on the cards in its place.

If you are interested in watching the video of this hearing, you can access the archived webcast by clicking on the link below:

http://waysandmeans.granicus.com/MediaPlayer.php?view_id=2&clip_id=378

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