

United States Senate

SPECIAL COMMITTEE ON AGING
WASHINGTON, DC 20510-6400
(202) 224-5364

March 9, 2015

The Honorable Andy Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Washington, DC 20201

Dear Mr. Slavitt:

As the principal Senate committee conducting oversight of matters relating to older Americans, among the Special Committee on Aging's highest priorities is oversight of programs upon which our nation's seniors depend and reducing fraud targeting seniors. The Committee is examining the use of Social Security numbers (SSN) on Medicare cards by the Center for Medicare & Medicaid Services (CMS).

Recent massive cyberattacks by hackers, including a breach of Anthem, the nation's second largest health insurance company, have prompted renewed calls for CMS to remove SSNs from Medicare cards to prevent fraudulent Medicare claims. In addition, the role that visual display of SSNs on Medicare cards has played in putting beneficiaries—including more than 41 million seniors—at risk for identity theft has been known for more than a decade. According to the Federal Trade Commission (FTC), identity theft is the most common consumer complaint for the last fourteen years with nearly 300,000 Americans reporting being victimized in 2013 alone. We are therefore writing to request information relating to CMS's efforts to remove SSNs from Medicare cards in order to help protect Medicare beneficiaries from identity theft.

Approximately 50 million Medicare cards currently in use display SSNs as a component of the beneficiaries' identifying numbers. These identifiers, known as Health Insurance Claim Numbers (HICN), consist of the beneficiary's SSN followed by a suffix of one letter or one letter and one digit. HICNs are used by CMS, other federal and state government agencies, and private stakeholders, including insurance companies and medical providers, to verify Medicare eligibility and process claims. The HICNs are also stored in CMS's data repository and throughout CMS's IT environment.

More than a decade ago, in 2004, the Government Accountability Office (GAO) reported that the widespread use of SSNs as identifiers by both the public and private sectors provided opportunities for criminals to obtain and use the SSNs to commit identity theft. The GAO also recommended that the Office of Management and Budget (OMB) develop a government-wide policy to help mitigate this risk. As a consequence, in 2007, the OMB directed all federal

agencies to develop plans for reducing unnecessary usage of SSNs. Since then, many federal agencies that had used SSNs as identifiers, including the Department of Defense and the Department of Veterans Affairs, have developed plans and ultimately removed SSNs from their identification cards. In recent years, other organizations, such as private health insurers and state agencies, also discontinued use of SSNs as identifiers in order to protect individuals from identity theft.

In 2012, the GAO reported that, while five years had elapsed since the OMB order to reduce unnecessary use of SSNs, CMS had not committed to a plan for removing SSNs from Medicare cards, and its efforts lagged behind other agencies and the private sector. GAO also questioned the reliability of CMS's cost estimates for the plans it had considered since they were not well documented.

In 2013, the GAO again studied CMS's efforts to remove SSNs from Medicare cards and reported its findings to Congress. GAO found that, although CMS had conducted three internal studies (in 2006, 2011, and 2013) on potential approaches to removing SSNs from Medicare cards, the agency had never settled on a plan or even taken preliminary steps toward implementing a plan. The GAO reported that the cost estimates for two approaches—ranging from \$255 million to \$317 million over an 18 month period—in the most recent CMS study were more reliable than those in the earlier studies, but the cost estimates and implementation schedules did not fully reflect any of the specific solutions discussed in CMS's study. CMS officials informed the GAO that “the agency did not intend for this study to result in the identification of an IT solution to address SSN removal.” The GAO concluded that “[w]hile CMS has spent time and resources over the past 7 years studying approaches that could be taken toward removing the SSN from Medicare beneficiaries' cards, the agency has not actively established and pursued a goal to identify an IT solution for doing so.”

The GAO once again recommended that the agency select an approach for removing SSNs from Medicare cards. Additionally, both the Social Security Administration and the Department of Health and Human Services inspectors general have recommended that CMS implement alternate identifiers to replace the SSNs in order to protect beneficiaries from risk of identity theft. Republicans and Democrats in both the House and the Senate have also urged CMS to take action to remove SSNs from Medicare cards, but CMS has shown no urgency in moving forward to do so.

In its 2015 High Risk Series report, the GAO again designated Medicare as a high-risk program and recommended that CMS “effectively and cost-effectively identify, design, develop, and implement an information technology solution that addresses the removal of Social Security numbers from Medicare beneficiaries' health insurance cards.” The GAO informed the Aging Committee staff that, even if CMS were to prioritize removing SSNs from Medicare cards, the agency would first have to conduct *another* study of its chosen plan in order to accurately estimate the costs and schedule for implementing the plan.

In order to assist the Special Committee on Aging with its oversight, please provide responses to the following questions:

1. Since the publication of GAO's September 2013 report, what actions has CMS taken toward removing SSNs from Medicare cards?
2. Since September 2013, has CMS taken any steps to identify, design, develop, and implement an IT solution that addresses the removal of SSNs from Medicare cards? If so, please identify those steps and a timetable for their implementation.
3. Among other challenges and risks associated with Medicare and other agency programs, what priority does CMS management place on developing a plan to remove SSNs from Medicare cards to reduce risk of identity theft for millions of beneficiaries?

The Special Committee on Aging is authorized, in its discretion, to make investigations into any matter within its jurisdiction. We therefore request that you provide the requested information as soon as possible, but no later than 5:00 p.m. on March 23, 2015. When producing documents to the Committee, please deliver production sets to the Majority Staff in Room G31 of the Dirksen Senate Office Building and the Minority Staff in Room 628 of the Hart House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

If you have any questions about this request, please contact Sharon Utz of the Majority staff at 202-224-5364 or Joel Eskovitz of the Minority staff at 202-224-8710. Thank you for your attention to this matter.

Sincerely,



Susan M. Collins
Chairman
United States Senate
Special Committee on Aging



Claire McCaskill
Ranking Member
United States Senate
Special Committee on Aging