



STATEMENT OF

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ON

PROTECTING AMERICANS' IDENTITIES:

EXAMING EFFORTS TO LIMIT THE USE OF SOCIAL SECURITY NUMBERS

BEFORE THE

U.S. HOUSE COMMITTEE ON WAYS & MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

AND

U.S. HOUSE COMMITTEE ON OVERSIGHT & GOVERNMENT REFORM

SUBCOMMITTEE ON INFORMATION TECHNOLOGY

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**Statement of Karen Jackson, Deputy Chief Operating Officer,
Centers for Medicare & Medicaid Services
“Protecting Americans’ Identities:
Examining Efforts to Limit the Use of Social Security Numbers”
May 23, 2017**

Chairmen Johnson and Hurd, Ranking Members Larson and Kelly, and members of the subcommittees, thank you for this opportunity to discuss the Centers for Medicare & Medicaid Services’ (CMS’) work to safeguard the personally identifiable information (PII) of the beneficiaries we serve, including our ongoing work to eliminate use of the Social Security number (SSN) on Medicare cards and in Medicare transactions. This effort is an important step in protecting beneficiaries from becoming victims of identity theft, one of the fastest growing crimes in the country.¹ Identity theft can disrupt lives, damage credit ratings, and result in inaccuracies on medical records. CMS knows that we have an important role to play in protecting our beneficiaries, while maintaining their access to high quality health care.

CMS has worked to eliminate the unnecessary use of SSNs, in accordance with OMB Circular A-130, including by minimizing its use on mailings. To build on this work, CMS appreciates Congress’s leadership in providing the direction and resources to undertake the important work of removing SSNs from Medicare cards. As you know, as required by MACRA, by April 2019, CMS will eliminate the use of beneficiaries’ SSNs as the source of the primary identifier on Medicare cards and replace it with a new, unique Medicare Beneficiary Identifier (MBI), or Medicare number.

CMS recognizes the trust that Congress and the American people have placed in us to complete this undertaking, and further protect Americans from identity theft. As we undertake this project, CMS seeks to minimize burdens for beneficiaries and providers, minimize disruption to Medicare operations, and effectively manage the cost, scope, and schedule for the project. In particular, we are preparing our communication channels to accommodate any questions beneficiaries may have as we make this change.

¹ <https://www.bjs.gov/content/pub/press/vit14pr.cfm>

Transitioning from the SSN-based Health Insurance Claim Number (HICN) to the MBI will help Medicare beneficiaries better safeguard their personal information by reducing the exposure of their SSNs. We are in the midst of a complex, multi-year effort that requires coordination between Federal, state, and private-sector stakeholders as well as an extensive outreach and education program for Medicare beneficiaries, providers, and other stakeholders.

Once we transition to the MBI, for the first time, CMS will have the ability to terminate a Medicare number and issue a new number to a beneficiary, for circumstances in which they are the victim of medical identity theft or their Medicare number has been compromised. This was not possible when the Medicare number was SSN-based. Being able to deactivate a compromised MBI will enable CMS to quickly respond and better prevent further misuse of a compromised number. CMS will be able to issue a beneficiary a new identifier without compromising access to care.

History of Social Security Numbers in Medicare

From the creation of the Medicare program under the Social Security Act in 1965 until 1977, the Medicare program was administered by the Social Security Administration (SSA). While CMS is now responsible for the management of Medicare, SSA and CMS continue to rely on interrelated systems to coordinate both Social Security and Medicare eligibility. Because of this shared history, SSNs, which are used in the SSA's systems, are a key component of the identification number CMS uses for beneficiaries. To identify beneficiaries, Medicare cards include a HICN, which is based upon a beneficiary's SSN, or in cases where a beneficiary's Medicare eligibility is based on the employment status and Medicare payroll tax contributions of another person, his or her spouse or parent's SSN.

SSA determines Medicare eligibility and transmits enrollment information to CMS; CMS then issues the Medicare card with the HICN to the beneficiary. Often, when receiving care, the beneficiary shows the provider or supplier their Medicare card with the HICN, just as an individual with private insurance uses their insurance card. The provider or supplier then uses

the Medicare card information to check eligibility and to bill Medicare, a process that involves multiple CMS systems.

Today, CMS uses the HICN to identify beneficiaries in more than 75 CMS systems, and in CMS communications with other Federal partners. Likewise, providers are required by CMS to use the HICN identifier when they submit claims in order to receive payment for treatments, services, and supplies. CMS and its contractors' systems use the HICN to check for duplicate claims, apply claims and medical policy edits, authorize or deny payment of claims, issue Medicare Summary Notices (MSNs), and conduct printing and mailing operations.

Reduce the use of the SSN on Public Documents and Mailings

CMS has already removed SSNs from many types of communications, including Medicare Summary Notices mailed to beneficiaries on a quarterly basis. We have prohibited private Medicare health (Medicare Advantage) and Prescription Drug (Part D) plans from using SSNs on enrollees' insurance cards (*e.g.*, insurance cards for Medicare Advantage, cost contract, and Part D enrollees). CMS has also looked for ways to minimize the need for mailings including beneficiary personally identifiable information (PII). For example, in November 2013, CMS introduced an automatic bank account withdrawal program called Medicare Easy Pay. This system allows beneficiaries to pay premiums by direct withdrawal from their bank accounts. Beneficiaries who use Easy Pay can opt out of receiving monthly mailings by calling 1-800-Medicare. Beneficiaries who choose to suppress their monthly billing statement receive one statement per year. Also in 2013, CMS instructed its Medicare Administrative Contractors (MACs) to partially redact HICNs on all Medicare Redetermination Notices², which are sent to beneficiaries during the claims appeal process.

Replacing Health Insurance Claim Numbers with Medicare Beneficiary Identifiers

The initiative to remove SSNs from Medicare cards, as called for by MACRA, and to replace HICNs with MBIs has been a substantial undertaking. MACRA provided a total of \$320 million to CMS, SSA, and the Railroad Retirement Board (RRB) for this critical initiative. The replacement process requires coordinating with Federal, state, and private sector stakeholders;

² <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R1296OTN.pdf>

updating and modifying numerous internal IT systems; and conducting an extensive outreach and education campaign for beneficiaries, providers, and other stakeholders. CMS is working to accomplish these tasks without disrupting payments to providers, business processes, or beneficiaries' access to care.

To date, we have analyzed and are in the process of making changes to over 75 CMS systems that are impacted by this initiative. Additionally, we have been actively working with our key partners such as the SSA, RRB, States and Territories, Indian Health Service (IHS), Department of Defense (Tricare), Department of Veterans Affairs as well as other key stakeholders on implementation to ensure that beneficiaries continue to receive access to services and partners will be able to process with the new MBI. CMS has developed the software in our Medicare Enrollment Database (EDB) that will be used to generate MBIs and assign them to beneficiaries. This assignment will be executed in mid-2017.

The New Medicare Beneficiary Identifier

The new Medicare number will be a unique and randomized number that will be placed on the new Medicare Card for each Medicare beneficiary. In order to move from current use of the SSN-based HICN to use of the MBI, CMS will randomly generate a new MBI for all Medicare beneficiaries, including all current and deceased beneficiaries. Assigning MBIs to deceased beneficiaries is critical for two reasons: it ensures that appropriate claims can continue to be processed smoothly after a beneficiary's death, and it facilitates researchers' ongoing work with Medicare datasets. CMS anticipates that it will use an MBI generator function to initially assign approximately 150 million MBIs, which includes 60 million active and 90 million deceased beneficiaries.

The new MBI will have the same number of characters as the current 11-digit HICN, but will be visibly different and distinguishable from the current HICN. It will also be easy to read and limit the possibility of letters being interpreted as numbers.

Beginning in April 2018, CMS will start the process of distributing new Medicare cards with the new MBI to current beneficiaries, and all newly enrolled beneficiaries eligible for Medicare will

receive the new Medicare card with a MBI. As of April 2018, CMS will be able to respond to requests to change MBIs for beneficiaries whose identity has been compromised.

Coordination with Partners and Stakeholders

Early on in the implementation process, CMS met with SSA and RRB to discuss the strategy, timeline, and assumptions for removing the SSN from Medicare cards. CMS also met with states and private health plans to coordinate new processes for crossover claims. In addition, CMS has procured a systems integrator to coordinate this multi-faceted project.

CMS will complete its system and process updates to be ready to accept and return the MBI on April 1, 2018. All stakeholders who submit or receive transactions containing the HICN must also modify their processes and systems to be ready to submit or exchange the MBI by April 1, 2018. CMS has held several key Open Door Forums with providers, billing agents, industry and other stakeholders to help them prepare their systems and business processes for this effort. To assist in the preparation, we have established a SSNRI website³ that contains key operational information for providers, plans and other stakeholders.

To ensure a smooth implementation for states, CMS has formed a bi-weekly All-State SSNRI Forum call which includes representatives from the Center for Medicare (CM), Center for Medicaid and CHIP Services (CMCS), each CMS Regional Office, and every state, territory and the District of Columbia. These calls provide CMS the opportunity to promptly communicate important guidance and updates to the state Medicaid agencies (SMAs) and for SMAs and their invited key stakeholders to ask questions, share information and facilitate coordination. We have also identified the CMS and State IT systems that are affected with State implementation of MBI and are working with the States to make IT system and business changes. Similarly, we have instituted an All Federal Partners call, where we discuss key implementation issues that are common to our impacted Federal partners (e.g. SSA, RRB, VA, and DOD).

Testing of CMS IT systems is currently underway, and CMS is currently working on an integrated testing scope and schedule for State partners. Integration testing with States' IT

³ <https://www.cms.gov/medicare/ssnri/index.html>

systems will begin in October 2017. States will test internally, with CMS and their external partners by the end of 2017.

Medicare beneficiaries often rely on their physicians and other providers for important information, so CMS is also working to make sure that these providers are prepared to serve their patients throughout the transition to MBIs. CMS has already begun communicating with providers and others to encourage them to look at their practice management IT systems and business processes and determine what changes they will need to make to use the new MBI. CMS is creating information for providers to give their patients to remind them to bring their new cards with them.

In addition, to ensure a smooth implementation, reduce burden on beneficiaries, providers, and other partners and, more importantly, to reduce the chance of care being interrupted, CMS will have a transition period during which our IT systems will need to accept and process transactions that have either a HICN or an MBI. We know from other successful large scale implementations that it is beneficial to allow time for beneficiaries, providers, and other stakeholders to adjust to changes and to address any problems that may arise. During this transition period, which will occur from April 1, 2018 through December 31, 2019, CMS will continue to process claims and other transactions without change, so that a provider will be able to submit a claim using either a valid and active HICN or a MBI and it will be processed as it is today. Beginning in October 2018, through the transition period, when a provider submits a claim using a patient's valid and active HICN, CMS will return both the HICN and the MBI on every remittance advice, which is a notice of payment sent to providers as a companion to Medicare claim payments. During this period, CMS will also monitor operational activities to ensure that the use of the MBI is increasing as the transition date approaches.

Outreach and Education

While we are modifying our IT systems, and before we issue new Medicare cards, we are implementing an extensive and phased outreach and education program for an estimated 60 million⁴ Medicare beneficiaries, as well as providers, private health plans, other insurers,

⁴ <https://www.cbo.gov/sites/default/files/cbofiles/attachments/44205-2015-03-Medicare.pdf>

clearinghouses, and other stakeholders. Since the fall of 2016, we have held numerous provider listening sessions, hosted Open Door Forums, presented at conferences, and created a SSN removal initiative webpage with provider-specific information⁵ on how providers and vendors must change their own IT systems to accommodate the change to MBI from HICN. We shared the new MBI format so they could program edits around the new identifier, as well as information on how they will use the MBI. We will continue to reach out to providers with information on how to make the transition as smooth as possible. We are also communicating with Medicare Advantage and Part D plans, other insurers, and State Medicaid Agencies to ensure they know how to use MBIs so that they can continue their coordination of benefits activities.

Beginning in the fall of 2017, we will have a series of communications to inform beneficiaries that they will be receiving a new card, instruct them on when and how they should use their new card, and when and how to destroy their old card. In order to prevent bad actors from taking advantage of potential confusion and gaining access to personal information, we plan to clearly communicate with beneficiaries about when and how they will receive a new card, and how to get answers to their questions.

CMS plans to launch communication activities to support beneficiary education in the fall of 2017 by giving key partners and stakeholders information about the effort. During this timeframe, we will also be conducting outreach reminding beneficiaries of the steps they need to take to protect themselves from medical identity theft. Beneficiaries will see information about the new card in the 2018 Medicare & You handbook they will receive this October. Finally, a robust, broad based outreach and education campaign aimed at beneficiaries will begin in January 2018 and continue through April 2019. CMS is also working closely with the Social Security Administration to ensure that their communications to Medicare beneficiaries also include detailed information about the new card and new MBI.

⁵ For more information visit: <https://www.cms.gov/Medicare/SSNRI/Providers/Providers.html>

Other Beneficiary and Caregiver Outreach and Education

Even as CMS is taking steps to eliminate the unnecessary use of SSNs and other PII to help safeguard beneficiaries from identity theft, alert and vigilant beneficiaries, family members, and caregivers are some of our most valuable partners in identifying and stopping misuse of personal information or other fraudulent activity. In 2013, CMS began sending redesigned Medicare Summary Notices (MSNs),⁶ the explanation of benefits for people with Medicare fee-for-service, to make it easier for beneficiaries to spot fraud or errors. The new MSNs include clearer language, descriptions and definitions, and have a dedicated section that tells beneficiaries how to spot potential fraud, waste, and abuse. Beneficiaries are encouraged to report fraud, waste, and abuse to 1-800-MEDICARE, and this is promoted in the re-designed MSN.

CMS engages in a variety of outreach efforts to inform beneficiaries about the risk of medical identity theft and to educate them on steps they can take to protect their personally identifiable information. A robust outreach campaign has been executed every fall since 2010, prior to Medicare Open Enrollment, when we know there is a higher prevalence of fraud. Information is available online and in The Medicare & You handbook, which is distributed to all Medicare households each fall. These resources explain the importance of personal information and how it is used by Medicare; they also include instructions on contacting the appropriate authorities when Medicare fraud, including medical identity theft, is suspected. In these publications, Medicare beneficiaries are advised to take preventive action against identity theft, including:

- Guarding personal information such as Medicare identifiers and SSNs, and only share personal information with providers, plans, and suppliers approved by Medicare (a list of approved suppliers is available on Medicare.gov). Importantly, do not give personal information to anyone who calls or comes to the door uninvited, including individuals claiming to be conducting a health survey. Medicare and Medicaid do not send representatives to homes to sell products or services.
- Checking medical bills, MSNs, explanations of benefits, and credit reports for accuracy; using a calendar to record the receipt of services and comparing this to Medicare statements.

⁶ <http://blog.medicare.gov/2013/06/06/redesigned-with-you-in-mind-your-medicare-summary-notice/>

- Do not accept offers of money or gifts for free medical care.
- Not letting anyone borrow or use a Medicare ID card or identity in exchange for goods or services; this is illegal.

CMS has been partnering with the Administration for Community Living to support the Senior Medicare Patrol (SMP) program, a volunteer-based national program that educates Medicare beneficiaries, their families, and caregivers to prevent, detect, and report Medicare fraud, waste and abuse. The SMP program empowers Medicare beneficiaries through increased awareness and understanding of health care programs and educates them on how to recognize and report fraud. In 2015, the SMP projects reported \$2.5 million in expected Medicare recoveries that were attributable to their projects,⁷ an increase of 282 percent from 2014.⁸ SMP projects also work to resolve beneficiary complaints of potential fraud in partnership with state and national fraud control and consumer protection entities, including Medicare contractors, State Medicaid fraud control units, State attorneys general, the Department of Health and Human Services Office of Inspector General (HHS OIG), and the Federal Trade Commission (FTC).

Moving Forward

Throughout our programs, CMS is committed to safeguarding the personal information of the beneficiaries and consumers we serve. Redesigning the Medicare card to remove the SSN-based identifier is just the latest initiative in a long line of efforts to safeguard our beneficiaries and the Medicare Trust Funds. This is an important step in helping to combat identity theft and further protect our beneficiaries. Given how much is at stake, CMS' objectives are to complete the transition to the new cards in a timely fashion that not only improves security, but also minimizes beneficiary confusion and disruption from denied claims or access to services. CMS is doing all that it can to make this a successful transition for beneficiaries, their families, providers, and our partners. Thank you for your interest in our progress towards removing the SSN from Medicare cards and protecting the personal information of beneficiaries. I look forward to working with the Committees on these important issues.

⁷<https://oig.hhs.gov/oei/reports/oei-02-16-00190.asp> Note: The vast majority of these recoveries resulted from one project's efforts, which led to the conviction of a hospice company owner for Medicare fraud.

⁸ http://www.smpresource.org/Handler.ashx?Item_ID=3A7D6D74-1D4F-4FA6-A8AE-2979022F185F