

United States Senate

SPECIAL COMMITTEE ON AGING

WASHINGTON, DC 20510-6400

(202) 224-5364

May 27, 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, the Special Committee on Aging is focused on reducing fraud targeting seniors and preventing misuse of the government programs that serve seniors. It is for this reason that the Committee is continuing to examine the use of Social Security numbers (SSN) on Medicare cards because they place seniors at an increased risk for identity theft. We would like to get a better understanding of your agency's timeline for removing SSNs to protect Medicare beneficiaries from identity theft and to limit misspending of taxpayer dollars.

According to the Federal Trade Commission (FTC), identity theft has been its most common consumer complaint for the last 15 years with more than 332,000 Americans reporting being victimized in 2014 alone. Identity thieves not only disrupt the lives of individuals by draining bank accounts, making unauthorized credit card charges, and damaging credit reports, but they also often defraud the government and taxpayers by using stolen personal information to submit fraudulent billings to Medicare or Medicaid or to apply and receive Social Security benefits to which they are not entitled. Fraudsters also use stolen personal information, including SSNs, to commit tax fraud or to fraudulently apply for jobs and earn wages. According to the FTC, government documents/benefits fraud was the most common type of identity theft reported by consumers in 2014, comprising 44.7 percent of all identity theft complaints.

Some identity thieves even use stolen personal information to obtain medical care, putting lives at risk if the theft is not detected and the wrong information ends up in the victims' medical files. Claims for services or items obtained with stolen Health Insurance Claim Numbers (HICNs) might be included in the beneficiary's Medicare billing history and could delay or prevent the beneficiary from receiving needed services until the discrepancy is resolved.

CMS mails beneficiaries dozens of mailings every year. Some are mailed annually, while others are mailed monthly. CMS currently allows beneficiaries to sign up to receive *Medicare & You*, an annual handbook, electronically. Some constituents have expressed concerns that CMS does not allow beneficiaries to opt out of receiving other Medicare mailings, including those

with HICNs printed on them. Allowing beneficiaries this option could reduce the risk of identity theft and could also reduce administrative costs.

In 2012, the Health and Human Services Office of Inspector General (OIG) reported that while CMS has taken some steps to assist providers affected by medical identity theft, CMS offers few remedies for *beneficiaries* affected by medical identity theft. Beneficiaries who suspect fraud or identity theft are encouraged to contact the 1-800-MEDICARE hotline. OIG reported that while benefit integrity contractors must acknowledge to the beneficiary that the report was received, they do not inform the beneficiary when a case is escalated to an investigation. Additionally, OIG found that beneficiaries with compromised numbers are not routinely assigned new numbers. OIG recommended that CMS develop a method for reissuing HICNs to beneficiaries affected by medical identity theft to minimize the damage of the theft and to reduce the time needed to resolve issues associated with the theft. According to OIG, CMS has not implemented OIG's recommendation.

Since our March 9, 2015, letter to you, and your response to the Committee (dated April 7, 2015), President Obama signed into law H.R.2, the Medicare Access and CHIP Reauthorization Act of 2015. Sec. 501 of this law prohibits the inclusion of SSNs on Medicare cards and establishes a funding source for the Centers for Medicare & Medicaid Services (CMS) and other stakeholders to undertake the effort of removing and replacing SSNs. The legislation received wide bipartisan support from both houses of Congress.

Prior to the passage of this legislation, you informed our committee that "CMS intends to replace the HICN with a new, randomly generated, identification number." We are, therefore, writing to request additional information relating to CMS's efforts to remove SSNs from Medicare cards in order to help protect Medicare beneficiaries from identity theft.

Please provide responses to the following questions:

1. Since H.R. 2 was enacted on April 16, 2015, what action is CMS taking toward removing SSNs from Medicare cards?
2. Since April 16, 2015, have CMS officials met with other federal, state, or private sector stakeholders, including the Social Security Administration and the Railroad Retirement Board, to discuss their roles in removing SSNs from Medicare cards and modifying the stakeholders' information technology (IT) systems? If so, have you developed any interagency plans to work together to remove the SSNs?
3. You wrote in your April 7, 2015, response that CMS plans to "begin pre-planning efforts in preparation for appropriation funding for the removal of SSN from Medicare Beneficiary Cards" with a planned completion date of September 30, 2015. Has the timetable for this milestone changed since the passage of H.R.2?
4. The bill allows up to four years for CMS to issue new cards to new beneficiaries and up to four more years to issue new cards to existing beneficiaries. What

timetable does CMS have for completing each of these steps? Does CMS anticipate that the agency will need the maximum time allowed by law to fully implement each of these steps?

5. You wrote regarding IT systems: “CMS anticipates that it would likely take approximately two to three years to make the necessary system modifications, conduct an outreach and education campaign, and issue new cards.” Has this timetable changed in light of H.R.2 becoming law and establishing a funding source?
6. What department or departments within CMS will lead this project and be accountable for its implementation? Is there a specific person or group of people specifically tasked with implementing this project?
7. Has CMS implemented OIG’s recommendation to provide more details to beneficiaries who suspect fraud or identity theft and contact the 1-800-MEDICARE hotline?
8. Does CMS currently require the benefit integrity contractors who investigate the suspected fraud to provide details to beneficiaries when a case is under investigation?
9. Has CMS implemented OIG’s recommendation to terminate and issue new beneficiary numbers when HICNs are compromised in order to greatly assist beneficiaries with compromised numbers from resolving medical identity theft issues?
10. Has CMS considered allowing Medicare recipients who pay premiums by direct withdrawals from their bank accounts to opt out of receiving monthly mailings from Medicare as a way to reduce the risk of identity theft and also to save administrative costs?
11. Has CMS considered mailing statements to Medicare recipients who pay premiums by direct withdrawals from their bank account only when there is a change in the amount of the monthly withdrawal as a way to reduce the risk of identity theft and also to save administrative costs?
12. On April 24, 2015, the Government Accountability Office (GAO) issued a report regarding electronically readable cards for Medicare. Has CMS considered using electronically readable Medicare cards to aid administrative processes and to potentially reduce costs?

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 June 10, 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 Senate 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.

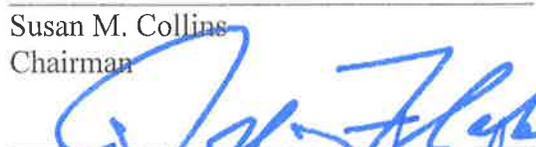
Sincerely,



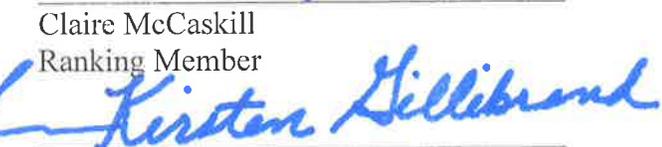
Susan M. Collins
Chairman



Claire McCaskill
Ranking Member



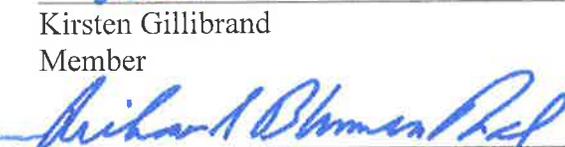
Jeff Flake
Member



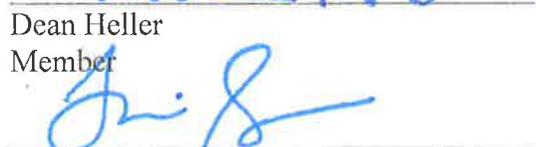
Kirsten Gillibrand
Member



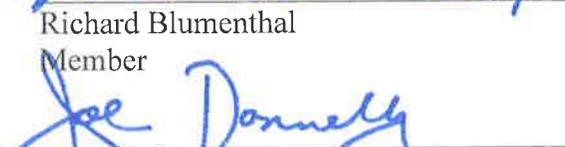
Dean Heller
Member



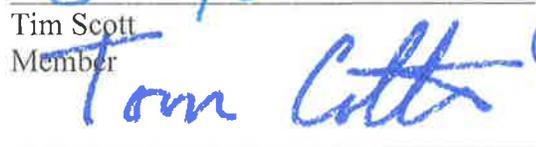
Richard Blumenthal
Member



Tim Scott
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Joe Donnelly
Member



Tom Cotton
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Tim Kaine
Member



David Perdue
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Thom Tillis
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