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Medicare

New Medicare Beneficiary ID Card To Enhance Security

Medicare is less than a year away from debuting a new beneficiary card that strips out Social Security numbers to protect against identity theft.

The new cards will be mailed to beneficiaries in April 2018 and will replace the Social Security number-based Health Insurance Claim Number (HICN) with a randomly generated Medicare Beneficiary Identifier (MBI).

Medicare will accept both the HICN and the MBI until December 2019, but providers and insurers must be ready to accept the new MBIs by April 2018, according to a May 30 notice from the Centers for Medicare & Medicaid Services.

Shifting data systems to accept the new MBIs may pose some challenges for insurers, but private insurers are constantly retooling their systems to accept new data and the transition should be relatively easy, Kirk Ogrosky, a health-care attorney with Arnold & Porter Kaye Scholer LLP and former head of criminal enforcement for the Department of Justice, told Bloomberg BNA May 30.

Ogrosky, a Bloomberg BNA advisory board member, said the burden of switching to the new cards would likely be heaviest for provider networks that have older electronic health record systems.

The new cards may not slow Medicare fraud and abuse schemes, Ogrosky said, but they will make it more difficult for people to misuse and abuse beneficiary data.

“While the majority of criminal health-care fraud cases don’t involve compromised Medicare numbers, the ubiquitous Social Security number provides links to a great deal of other personal information such as credit

ratings, outstanding loans, current addresses, dates of birth, and so on,” Ogrosky said.

The Medicare Access and CHIP Reauthorization Act of 2015 mandated the removal of all Social Security numbers from Medicare beneficiary cards by April 2019.

A 2011 report from the CMS estimated that removing or altering Social Security numbers on Medicare cards would cost between \$803 million and \$845 million.

The CMS hasn’t updated that cost estimate, and didn’t respond to a request for comment.

Identity Theft The move to scrub Social Security numbers has been in the works since at least 2007, when the White House Office of Management and Budget called on all federal agencies to develop plans for reducing their use of such numbers to protect against identity theft.

An individual Social Security number can unlock much more than just a Medicare beneficiary’s identity, Judy Waltz, a health-attorney with Foley & Lardner LLP in San Francisco, told Bloomberg BNA May 30.

Waltz said she had heard of both small-scale identity theft, where a patient uses someone else’s Medicare card to get access to care, as well situations where the theft of a Medicare card is followed by financial fraud unrelated to health care, such as using someone’s Social Security number to get a new credit card.

Removing the Social Security numbers seems like an easy way to reduce the risk of identity theft, Waltz said, but it will be hard to measure the success of the new cards because they will be deterring new fraud rather than recovering any fraudulent funds.

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