

Statement by AARP
to the
National Committee on Vital and Health Statistics
Subcommittee on Standards

February 28, 2013

Thank you for inviting AARP to participate in today's discussion. We greatly appreciate the Committee's interest in the Medicare beneficiary's perspective as it considers technology that could have a tremendous impact on the Medicare program. The use of smart card technology in health care is consistent with two key priorities: strengthening Medicare for current and future beneficiaries, and safeguarding older Americans' sensitive personal information. Smart cards have the potential to simplify administrative burdens, reduce waste and abuse, and protect beneficiaries from identity theft. In turn, this technology could give beneficiaries greater peace of mind, as well as save Medicare billions of dollars.

People new to Medicare are often shocked to learn that the ID number displayed on their Medicare card is identical to their Social Security number (SSN). After all, we're constantly warned not to carry our SSNs around with us. But the Medicare ID is more than an identifier — it's proof of insurance. Beneficiaries need to show their Medicare card at the doctor's office and the hospital in order to have Medicare pay for treatment. If a card is lost or stolen, a criminal can use that number to get other personal information about the beneficiary and commit identity theft. Because of this threat, AARP suggests beneficiaries carry a photocopy of the Medicare card with the numbers partially obscured, instead of the actual card.

A paper facsimile is a poor substitute for a more secure Medicare identification card. The Social Security Administration¹ and the Centers for Medicare and Medicaid Services (CMS) have both recommended changes. A presidential commission² raised the issue in 2007. Moreover, several pieces of legislation have been introduced in Congress that would remove Social Security numbers from Medicare cards. In fact, this December, Congress signaled its desire to remove Social Security numbers from Medicare cards, as well as to research smart cards, when the House of Representatives passed H.R. 1509, the Medicare Identity Theft Prevention Act of 2012.

A variety of scenarios have been proposed to make it harder to steal Social Security numbers from Medicare cards. These include establishing an entirely different beneficiary identification number system; only partially displaying the ID number on the card; and imbedding the ID number in the card, rather than having it visibly displayed.

However, despite agreement that there is a problem, little action has been taken.

Changing the current system would require a significant investment. For instance, CMS estimates it would cost at least \$800 million and take five years to issue new numbers and change the cards currently used by more than 52 million people with Medicare³. Also, doctors and other health care providers across the nation would have to update their systems.

¹ Social Security Administration Office of the Inspector General, "Removing Social Security Numbers from Medicare Cards", Audit report A-08-08-18026, May 2008. <http://oig.ssa.gov/sites/default/files/audit/full/html/A-08-08-18026.html>

² The President's Identity Theft Task Force, "Combating Identity Theft: A Strategic Plan", April 2007. <http://www.idtheft.gov/reports/StrategicPlan.pdf>

³ Centers for Medicare and Medicaid Services, Testimony to Ways and Means Committee, August 1, 2012. http://waysandmeans.house.gov/uploadedfiles/trenkle_testimony_8.1.2012.pdf

AARP believes that given the risk, this is a worthy investment to make, and such an investment in our Medicare infrastructure should be made with an eye on the future. Any new system should leverage advancements in electronic health records, facilitate data collection, and improve efficiency. We believe smart cards have significant potential, and could be a viable replacement for the current Medicare card. As such, we support its further research and testing.

First, smart cards protect beneficiaries by removing the identification number from the front of the card, and securely storing it on a microchip. This, and other sensitive information, would only be accessible by an authorized user. Some estimates put the cost of Medicare improper payments at close to \$50 billion each year.⁴ Verifying authorized beneficiaries using smart card technology would greatly reduce improper billing and could yield substantial savings to Medicare and other public and commercial health plans.

Second, smart cards have the capacity to do more than simply identify the beneficiary. Given the continued absence of widespread interoperable electronic health records, smart cards provide another means of sharing information, and are in full control of the patient. For example, an individual would be able to share information in an emergency when her doctor cannot be reached, or have up-to-date information about the prescription drugs she is taking.

We therefore recommend the National Committee on Vital and Health Statistics further study the potential applications of smart card technology in health care, and the feasibility of adopting the technology in Medicare. I thank you for your consideration and look forward to working with you.

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⁴GAO-11-430T, Government Accountability Office testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives, March 2, 2011