Initiative to Remove Social Security Numbers from Medicare Cards

To combat identity theft, fraud and the illegal use of Social Security numbers, the Centers for Medicare & Medicaid Services (CMS) will remove Social Security numbers from all Medicare identification cards by April 2019. The current Health Insurance Claim Number (HICN), which is based on a beneficiary’s Social Security number, will be replaced by a new Medicare Beneficiary Identifier (MBI). CMS refers to this initiative as the Social Security Number Removal Initiative (SSNRI).1

The number change will likely have implications for sponsors of group health plans that cover Medicare-eligible retirees because those plans typically use the HICN for a variety of purposes, as discussed in this Update. Consequently, plan sponsors and administrators should take steps now to understand the coming SSNRI and its effects.

Background

The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) requires CMS to change beneficiaries’ identification numbers.2 Currently, CMS uses the HICN with multiple parties, including health care providers, Medicare Advantage and Medicare Part D prescription drug plans, and group health plans.

The New Medicare Beneficiary Identifier

CMS will generate randomly assigned MBIs for all Medicare beneficiaries — existing as well as new beneficiaries — and will issue new, redesigned Medicare cards. The MBI will have the same number of characters (11) as the HICN, but will differ through the use of a combination of uppercase letters and numbers in all three segments of the identifier.

<table>
<thead>
<tr>
<th>Medicare Identifier</th>
<th>Sample</th>
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<tbody>
<tr>
<td>HICN (begins with the Social Security number)</td>
<td>123-45-6789-A1</td>
</tr>
<tr>
<td>MBI</td>
<td>1EG4-TE5-MK73</td>
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</tbody>
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1 Information about the SSNRI is available on the CMS website.
2 MACRA is Public Law 114–10, codified at 42 CFR 42 parts 414 and 495.
Time Frame for the SSNRI and a Transition Period

CMS will start issuing new cards in April 2018 and will finish sending them by April 2019. In addition, CMS will modify its systems and business processes to accommodate receipt, transmission, display and processing of MBIs. CMS intends to complete these process and system updates by April 1, 2018. CMS has established a transition period that will last from April 1, 2018 through December 31, 2019, during which it will accept either the HICN or MBI from providers, beneficiaries, plans and other external stakeholders.

Segal Consulting has created an infographic to illustrate the steps in the SSNRI. Click on the adjacent image to see the full-size infographic.

Retiree Drug Subsidy Applications

CMS issued guidance concerning how the SSNRI initiative will affect plans that receive the Retiree Drug Subsidy (RDS) under Medicare Part D. The guidance states that RDS plan sponsors and their vendors may continue to include either the HICN or the MBI on records submitted through RDS indefinitely, meaning both during and after the transition period. However, the MBI should be used when it is available.

Next Steps

CMS will be conducting intensive education and outreach to beneficiaries and other stakeholders to help them prepare for the change. As already noted, plan participants and retirees will begin to receive their new MBI as soon as April 2018.

Plan administrators should learn about the new program so that they can answer questions from retirees and other participants about what the change means to them. In addition, plan administrators should ask their IT vendors and/or benefits administrators if they are aware of the SSNRI, how systems and processes will be updated to accommodate the MBI, and whether it will affect plan operations.

How Segal Can Help

Segal works with plan sponsors and their attorneys on compliance issues.

Segal’s Administration and Technology Consulting professionals can review how SSNs are currently used and the implications of switching to the MBI for plan operations and systems. We can assist in coordinating responses to the new IDs and evaluating vendor readiness. For employers that have retirees who are covered by a private retiree medical exchange, we can work with the exchange insurers to determine the timing and responsibilities for collecting MBIs for RDS, Medicare Part D prescription drug plans or individual Medicare Advantage plans.

Finally, we can provide help communicating the changes to plan participants and beneficiaries.

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3 That guidance is available on the CMS website.
Questions?
For more information about how these new rules may affect your plan, please contact your Segal consultant or the Segal office nearest you.

Update is Segal Consulting's electronic newsletter summarizing compliance news. Update is for informational purposes only and should not be construed as legal advice. It is not intended to provide guidance on current laws or pending legislation. On all issues involving the interpretation or application of laws and regulations, plan sponsors should rely on their attorneys for legal advice.

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