



# Department of Health - Medicare Cards

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One-Page Chapter Summary

## Why Is This Important?

- Medicare costs over \$650 million per year, nearly 25% of all healthcare spending in New Brunswick.
- Ineligible use of Medicare cards can be costly to New Brunswick taxpayers.
- Two private companies, contracted by the Department of Health, possess sensitive personal information on virtually every New Brunswicker.

## Overall Conclusions

- While the Department of Health has processes and controls in place to ensure only eligible residents are issued a Medicare card, procedures to identify cardholders who subsequently become ineligible (for example upon leaving the Province) are insufficient. Therefore, these individuals may continue to hold and potentially use a New Brunswick Medicare card.
- Steps could be taken to enhance the security features of Medicare cards (E.g.: Photo identification).
- Privacy breaches are occurring due to changes to the Medicare card renewal policy.

## What We Found

### **Risks linked to outsourced and automatic Medicare card renewal process**

- 2014 automatic renewal process weakened controls over Medicare cards
- Cost savings from the automatic renewal process could not be verified
- Medicare contracted card production and delivery to Medavie, who then subcontracted this work to another company
  - As a result, two private companies possess confidential card holder information
- Mailing addresses are not verified before sending out cards, leading to nearly 5,800 cards returned as undeliverable since 2015
- Error by subcontractor resulted in privacy breach in 2016
- Over 150 privacy breaches since 2017
- Contracts with third party service providers have no performance targets and need enhancement

### **Continued eligibility not well monitored**

- In 2016, there were 10,700 more active Medicare cards than residents in New Brunswick
- Medicare does not have sufficient procedures to identify ineligible cardholders (e.g. moved out of Province) and cancel their card on a timely basis
  - Ineligible cardholders can inappropriately incur costs for NB taxpayers while residing in another province

### **Inefficiencies in Medicare system**

- Lack of photo identification is a key security weakness
- Many manual procedures and separate spreadsheets maintained by Medicare staff
- Coordination of reciprocal billing with Quebec is inefficient and needs improvement