



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0749
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<b>Title:</b>	Government storage, display of social security numbers
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<b>Primary Sponsor:</b>	Cohenour, Jill
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<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$169,051	\$0	\$0	\$0
State Special Revenue	\$17,603	\$0	\$0	\$0
Federal Special Revenue	\$8,001	\$0	\$0	\$0
Other	\$59,531	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Other	\$53,343	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<b>(\$169,051)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#### Description of fiscal impact:

This bill regulates the storage and display of social security numbers by governmental entities and prohibits the use of social security numbers as the identification number for insurance cards.

### FISCAL ANALYSIS

#### Assumptions:

##### **Department of Administration – Information Technology Services Division (ITSD)**

- The proposal is consistent with the existing language in the “Interim Policy for Security of Sensitive Data” (effective July 7, 2006) published by the Information Technology Services Division of the Department of

Administration, except for the notice requirements and the prohibition on the use of SSNs on insurance cards. For purposes of this fiscal note, it is assumed the aforementioned policy would be amended to include the notice requirements contained in Section 1 of the bill.

2. Agencies, other than the Health Care and Benefits Division of the Department of Administration (addressed separately below), must develop procedures to implement the policy/legislation.

#### **Department of Administration – Health Care and Benefits Division (HCBD)**

3. HCBD has suppressed the printing of social security numbers on most insurance and benefit cards currently. However, Blue Cross and Blue Shield of Montana (BCBS) participates in the nationwide BlueCard network. This program allows employees and their family members who are enrolled in the Traditional Plan or the Blue Choice Plan through the state access to a nationwide network of BCBS providers. The national BCBS Association requires that an identifier must be displayed on the face of the card in order to permit providers to submit bills for services (e.g. at doctor's offices, hospitals, clinics, etc.). It does not have to be a SSN. HCBD would need to work with BCBS to ensure that the SSN is not displayed on cards as of January 1, 2008.
4. Since the HCBD is in the process of making this conversion on insurance cards already as well as the underlying unique identifiers, there should not be an additional cost. If HCBD were required to re-issue cards as a result of this legislation, there would be additional costs that would be beyond the normal costs of doing business. For purposes of this fiscal note, an average cost of \$1.50 per card to cover issuance, postage and handling, and administrative fees charged by the vendor is used. Cards are issued for 15,484 active employees, retirees, and COBRA members for both medical and prescription drug at a cost of \$46,452. For those who do not have a Traditional or Blue Choice Medical Plan they will also get a separate dental card. That cost would be approximately \$6,891 for those 4,594 individuals. For purposes of this fiscal note, it is assumed that the funding for this additional cost would be obtained from health insurance state share revenues collected from agencies. The funding split for additional state share is assumed to be 40.4% general fund, 33% state special revenue, 15% federal special revenue, and 11.6% other funds.
5. Section 4 (b) of the bill defines state agency as provided in 2-2-102, MCA. This portion of statute defines an agency as: "(a) "State agency" includes: (i) the state; (ii) the legislature and its committees; (iii) all executive departments, boards, commissions, committees, bureaus, and offices; (iv) the university system; and (v) all independent commissions and other establishments of the state government. (b) The term does not include the judicial branch." The definition of a state agency under this bill appears to exclude agencies in the Judicial Branch such as the Supreme Court, etc. The department would administer the benefits program in the same manner to all state agencies, including the Judicial Branch.

#### **Department of Justice - Information Technology Services Division (JITSD)**

6. As DOJ develops new systems JITSD makes every effort to protect personal information including Social Security Numbers. All information housed in the MERLIN and other non-Legacy DOJ systems will satisfy the requirements of this bill with no fiscal impact. However, the MERLIN system is not planned to be completed by January 1, 2008. Therefore, personal information that is stored on the Legacy system will not meet the requirements contained in this bill. As a result, there will be a significant fiscal impact to modify the Legacy system to meet the requirements in this bill. JITSD will need to purchase a server based software such as TeraDact that would allow DOJ to store scanned documents with the SSN redacted. The figures below reflect an estimate to bring the Legacy system in compliance with this bill. Estimated costs are \$79,900 in FY 2008.

#### **Department of Revenue**

7. Currently, the Property Assessment Division (PAD) holds SSNs confidential and does not release them to the public. However, the documents are not held under lock and key. The PAD will need to purchase 208 file locking file cabinets at a cost of \$67,600 to secure the affected documents.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b>Department of Administration - HCBD</b>				
<b><u>Expenditures:</u></b>				
Personal Services - State Agencie	\$53,343	\$0	\$0	\$0
Operating Expenses - HCBD	\$53,343			
<b>TOTAL Expenditures</b>	<b>\$106,686</b>			
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$21,551	\$0	\$0	\$0
State Special Revenue (02)	\$17,603	\$0	\$0	\$0
Federal Special Revenue (03)	\$8,001	\$0	\$0	\$0
Other	\$59,531	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$106,686</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$53,343	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$53,343</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Department of Justice</b>				
<b><u>Expenditures:</u></b>				
Equipment	\$79,900	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$79,900	\$0	\$0	\$0
<b>Department of Revenue</b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$67,600	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$67,600	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$169,051)	\$0	\$0	\$0
State Special Revenue (02)	(\$17,603)	\$0	\$0	\$0
Federal Special Revenue (03)	(\$8,001)	\$0	\$0	\$0
Other	(\$6,188)	\$0	\$0	\$0

Sponsor's Initials

Date

Budget Director's Initials

Date