

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 692
Economic Matters

(Delegate Pendergrass, *et al.*)

Consumer Protection - Privacy of Social Security Numbers

This bill prohibits specified disclosures of an individual's Social Security number (SSN). Violation of the bill is an unfair or deceptive trade practice under the Maryland Consumer Protection Act.

The bill is effective January 1, 2004.

Fiscal Summary

State Effect: Increase of approximately \$151,400 in FY 2004 for the State Employee and Retiree Health and Welfare Benefits Plan (State health plan) to comply with the bill's requirements. Expenditures for employee health benefits could increase to the extent the administrative costs for self-insured plans and premiums for nonself-insured plans increase. Any such increase is expected to be minimal.

Local Effect: Expenditures for local government employee health benefits could increase if carriers raise their premiums as a result of the bill's requirements. Any increase is expected to be minimal. Revenues would not be affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The bill prohibits a person from: (1) publicly posting or displaying an individual's SSN; (2) printing an individual's SSN on a card required to access products or services provided by the person providing the card; (3) requiring an individual to transmit the individual's SSN over the Internet without a secure connection and

encryption protection; (4) requiring an individual to use the individual's SSN to access an Internet web site, unless a password, unique personal identification, or other authentication device is also required; or (5) printing an individual's SSN on any material mailed to the individual.

The bill does not apply to the use of a SSN for the purpose of meeting a legal requirement that mandates the use of a SSN. A person that uses a SSN prior to January 1, 2004 in a prohibited manner may continue to do so if: (1) the use is continuous; and (2) the person provides an annual disclosure form stating an individual's right to stop the use of the individual's SSN.

An individual's request to stop using the individual's SSN in a prohibited manner must be honored within 30 days after receiving the request. A person may not deny services to an individual because of a request to stop using the individual's SSN.

Current Law: The State, local governments, local school systems, and public institutions of higher education may not print an employee's SSN on any type of identification card. A local school system and a public institution of higher education may not print a student's SSN on any type of identification card. The Motor Vehicle Administration may not use, include, or encode, in any form, an individual's SSN on the individual's driver's license. Use of an individual's SSN is not prohibited in other instances.

Background: The Consumer Protection Division within the Office of the Attorney General is responsible for pursuing unfair or deceptive trade practice claims under the Maryland Consumer Protection Act. The division may attempt conciliation, issue cease and desist orders, or seek action in court, including an injunction, to enforce the Maryland Consumer Protection Act.

Various sections of the Code require the use of a Social Security number, including various licensing requirements and, if the testator's Social Security number is available, the deposit of a will with the local register of wills. Use of an individual's SSN may also be required under federal law, including in an application for federal student financial aid.

California recently adopted a similar provision.

State Fiscal Effect: Many of the State health plan cards, including the prescription and dental benefit cards, display a member's SSN. The cards are distributed by the State's contracting health plans. It is assumed that each plan currently using a SSN would switch all enrollees rather than administer two systems. Some of these cards are reissued on an annual basis; however, most of these are not. Approximately 182,800 cards currently

issued to employees, retirees, and dependents would be affected by the bill because they are not generally issued only once. The replacement cost per card is approximately \$0.50, representing a total replacement cost of \$91,400 in fiscal 2004. In addition to the replacement of benefit cards, the State health plan would incur approximately \$60,000 to reprogram its computer system to exclude the SSN on all correspondence and other documents. State health plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Small Business Effect: Small businesses that use the SSN for identifying information would experience increased costs to comply with the bill. These costs are expected to be one-time costs but could be significant depending on the nature of the business.

Additional Information

Prior Introductions: Similar bills were introduced in the 2002 (HB 281) and 2001 (HB 893) sessions. Both bills received unfavorable reports from the House Commerce and Government Matters Committee.

Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division), Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

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