COMPUTER MATCHING AGREEMENT
BETWEEN
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
And
THE OFFICE OF PERSONNEL MANAGEMENT
For
VERIFICATION OF ELIGIBILITY FOR MINIMUM ESSENTIAL COVERAGE UNDER THE PATIENT PROTECTION AND AFFORDABLE CARE ACT THROUGH AN OFFICE OF PERSONNEL MANAGEMENT HEALTH BENEFIT PLAN

CMS Computer Matching Agreement No. 2016-14
Department of Health and Human Services No. 1608

Effective Date – April 2, 2016
Expiration Date – October 2, 2017

I. PURPOSE, LEGAL AUTHORITY, AND DEFINITIONS

A. Purpose

This Computer Matching Agreement (Agreement) establishes the terms, conditions, safeguards, and procedures under which the U.S. Office of Personnel Management (OPM) will provide information to the Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS). The terms and conditions of this Agreement will be carried out by authorized officers, employees, and contractors of OPM and CMS. OPM and CMS are each a "Party" and collectively "the Parties."

Under the authority of the Patient Protection and Affordable Care Act (Public Law No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law No. 111-152) (collectively, the ACA) and the implementing regulations, CMS, in its capacity as the Federally-Facilitated Exchange, and other Administering Entities will use OPM's eligibility information to verify an Applicant's or Enrollee's eligibility for Minimum Essential Coverage (MEC) through an OPM Health Benefits Plan.

The Computer Matching and Privacy Protection Act of 1988 (CMPPA) (Public Law 100-503), amended the Privacy Act (5 U.S.C. § 552a) and requires the parties participating in a matching program to execute a written agreement specifying the terms and conditions under which the matching program will be conducted. CMS has determined that status verification checks conducted by Administering Entities using the Enterprise Human Resources Integration (EHRI) data source Status File provided to CMS by OPM constitute a "computer matching program" as defined in the CMPPA.

The responsible component for CMS is the Center for Consumer Information & Insurance Oversight (CCIIO). CMS will serve as the Recipient Agency, and as such, is responsible for publishing the Federal Register notice required by 5 U.S.C. § 552a(e)(12). The OPM components responsible for the disclosure of information are the Office of the

Chief Information Officer and the Office of Planning and Policy Analysis. OPM will serve as the Source Agency in this Agreement.

By entering into this Agreement, the Parties agree to comply with the terms and conditions set forth herein and the applicable law and implementing regulations. The terms and conditions of this Agreement will be carried out by Authorized Users.

B. Legal Authority

The following statutes provide legal authority for the uses, including disclosures, under this Agreement:

1. This Agreement is executed pursuant to the Privacy Act of 1974 (5 U.S.C.§ 552a), as amended by the Computer Matching Privacy Protection Act (CMPPA) and the regulations and guidance promulgated thereunder; the Office of Management and Budget (OMB) Circular A-130, "Management of Federal Information Resources" published at 61 Federal Register (Fed. Reg.) 6428 (February 20, 1996); and OMB guidelines pertaining to computer matching published at 54 Fed. Reg. 25818 (June 19, 1989).
2. Under the ACA, certain individuals are eligible for certain financial assistance in paying for private insurance coverage under a Qualifying Health Plan (QHP) when enrollment is through an Exchange. Such assistance includes APTCs, under 26 U.S.C. § 36B and section 1412 of the Affordable Care Act, and CSRs under section 1402 of the Affordable Care Act.
3. Section 36B(c)(2) of the Internal Revenue Code of 1986, as added by §1401 of the ACA, provides that an Applicant is ineligible for APTC if he or she is eligible for MEC as defined in 26 U.S.C. §5000A(f) other than MEC described in 26 U.S.C. §5000A(f)(1)(C). Section 1402(f)(2) of the ACA provides that an individual is ineligible for CSRs if the individual is not also eligible for the premium tax credit for the relevant month.
4. Section 1331 of the Affordable Care Act authorizes the Basic Health Program (BHP) and requires that states administering BHPs verify whether an individual is eligible for certain Minimum Essential Coverage, such as an OPM Health Benefits Plan (45 C.F.R. §155.320(d)).
5. Section 1411 of the ACA requires the Secretary of HHS to establish a program to determine an individual's eligibility to purchase a Qualified Health Plan (QHP) through an Exchange and to determine eligibility for APTC and CSRs. The system established by HHS under § 1411 to determine eligibility for APTC and CSRs requires an Exchange to verify whether an individual is eligible for certain eligible employer sponsored plan, such as an OPM Health Benefits Plan (45 C.F.R. §155.320(d)), by OPM sending information to HHS for HHS to provide the response.
6. Pursuant to § 1411(c)(4)(B) and 1411(d) of the ACA, the Secretary of HHS has determined that verification of eligibility for an OPM Health Benefits Plan is best made using a computer matching program as described in this Agreement. An Exchange may use this verification service through the Hub to support eligibility determinations for APTC and CSRs by sending a request to the Hub. CMS facilitates the verification against OPM data and a response with the result of that verification

attempt is sent to the entity that determines eligibility for APTC and CSRs. Under 45 C.F.R. §§ 155.302 and 155.305, the eligibility determinations for APTC and CSRs may be made by an Exchange or HHS. CMS carries out the Exchange-related responsibilities of HHS (76 Fed. Reg. 4703 (Jan. 26, 2011)).

7. Under the authority of sections 1311, 1321, and 1411(a) of the ACA, the Secretary of HHS adopted the regulation at 45 C.F.R. § 155.330, which further addresses the requirements for an Exchange to re-determine eligibility for enrollment in a QHP through an Exchange and for APTC and CSRs during the Benefit Year based on certain types of changes in circumstances.
8. The Privacy Act, 5 U.S.C. § 552a(b)(3), authorizes a Federal agency to disclose information about an individual that is maintained by an agency in an agency system of records, without the prior written consent of the individual, when such disclosure is pursuant to a routine use. OPM has a routine use in its system of records to address the disclosures under this Agreement. CMS does not disclose information in its system of records to OPM as part of this Agreement.

C. Definitions

For the purposes of this Agreement:

1. "ACA" means Patient Protection and Affordable Care Act of 2010 (Public Law No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law No. 111-152) (collectively, the ACA).
2. "Administering Entity" means a state Medicaid agency, Children's Health Insurance Program (CHIP), a basic health program (BHP), or an Exchange administering an Insurance Affordability Program;
3. "Advanced payments of the premium tax credit" or "APTC" is defined under 45 C.F.R. § 155.20 to mean payment of the tax credit specified in § 36B of the IRC (as added by § 1401 of the ACA) which are provided on an advance basis on behalf of an eligible individual enrolled in a QHP through an Exchange in accordance with § 1412 of the ACA. APTCs are not considered Federal Tax Information under 26 U.S.C. § 6103.
4. "Applicant" means an individual who is seeking eligibility for him or herself through an application submitted to an Exchange, excluding individuals seeking eligibility for an exemption from the individual shared responsibility payment pursuant to subpart G of Part 155 of title 45 of the Code of Federal Regulations, submitted to a BHP program, or transmitted to an Exchange by an agency administering an Insurance Affordability Program for at least one of the following (i) enrollment in a QHP through an Exchange; or (ii) the BHP.
5. "Authorized Representative" means an individual person or organization acting, in accordance with 45 C.F.R. § 155.227, on behalf of an Applicant or Enrollee in applying for an Eligibility Determination, including a redetermination, and in carrying out other ongoing communications with the Exchange.
6. "Authorized User" means an information system user who is provided with access privileges to any data resulting from this match or to any data created as a result of this match. Authorized Users include Administering Entities.

7. “Benefit Year” means the calendar year for which a health plan purchased through an Exchange provides coverage for health benefits.
8. “Breach” is defined by Office of Management and Budget (OMB) Memorandum M-07-16, Safeguarding and Responding to the Breach of Personally Identifiable Information (May 22, 2007) as the compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, loss of control, or any similar term or phrase that refers to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic.
9. “CMS” mean the Centers for Medicare & Medicaid Services.
10. “Cost-sharing reduction” or “CSR” is defined at 45 C.F.R. § 155.20 and means reductions in cost sharing of an eligible individual enrolled in a silver level plan in the Exchange or for an individual who is an Indian enrolled in a QHP in the Exchange. CSRs are not considered Federal Tax Information under 26 U.S.C. § 6103.
11. “Eligibility Determination” means the determination of eligibility for Insurance Affordability Programs, including a redetermination based on a self-reported change pursuant to 45 C.F.R. § 155.330, and the process of appealing an eligibility determination when an appeal is provided pursuant to section 1411(f) of the ACA.
12. “Enrollee” means an individual enrolled in a QHP through an Exchange or in enrolled in a BHP.
13. “Exchange” means an American Health Benefit Exchange established under sections 1311(b), 1311(d)(l), or 1321(c)(1) of the ACA, including both State-based Exchanges and Federally-facilitated Exchange (FFE).
14. “FFE” means Federally-facilitated Exchange, which is an Exchange established by HHS and operated by CMS under § 1321(c)(1) of the ACA;
15. “HHS” means the Department of Health and Human Services;
16. “Hub” or “Data Services Hub” is the CMS federally managed, single data exchange for agencies administering Insurance Affordability Programs to interface with Federal agency partners. Hub services allow for adherence to Federal and industry standards for security, data transport, and data safeguards as well as CMS policy for agencies administering Insurance Affordability Programs for eligibility determination and enrollment services.
17. “Insurance Affordability Programs” include (1) a program that makes coverage in a QHP through an Exchange with APTC; (2) a program that makes available coverage in a QHP through an Exchange with CSRs; (3) the Medicaid program established under Title XIX of the Social Security Act; (4) Children’s Health Insurance Program (CHIP) established under Title XXI of the Social Security Act; and (5) the Basic Health Program (BHP) established under Section 1331 of the Affordable Care Act.
18. “Minimum Essential Coverage” or "MEC" is defined in IRC § 5000A(f), and includes health insurance coverage offered by a QHP and provided through an Exchange, an eligible employer-sponsored plan or government-sponsored coverage such as coverage under Medicare Part A, TRICARE, or a health plan under 22 U.S.C. § 2504(e) (relating to Peace Corps volunteers).

19. “OPM Health Benefits Plan” means a group insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar group arrangement provided by a carrier for the purpose of providing, paying for, or reimbursing expenses for health services and as contracted for or approved by OPM under 5 U.S.C. Chapter 89.
20. “PII”" or “personally identifiable information” is defined by OMB Memorandum M-07-16 (May 22, 2007) and means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.
21. “QHP” means Qualified Health Plan, which is a health plan that has in effect a certification that it meets the standards described in subpart C of part 156 of title 45 of the Code of Federal Regulations issued or recognized by each Exchange through which such plan is offered in accordance with the process described in subpart K of Part 155 in title 45 of the Code of Federal Regulations.
22. “Recipient Agency” as defined by the Privacy Act (5 U.S.C. § 552a(a)(9)) means any agency, or contractor thereof, receiving records contained in a system of records from a source agency for use in a matching program;
23. “Record” means any item, collection, or grouping of information about an individual that is maintained by an agency, including his or her education, financial transactions, medical history, and criminal or employment history and that contains his or her name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print or a photograph.
24. “Security Incident” means the act of violating an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent.
25. “Source Agency” as defined by the Privacy Act (5 U.S.C. § 552a(a)(11)) means any agency that discloses records contained in a system of records to be used in a matching program. OPM is the Source Agency in this Agreement.
26. “State-based Exchange” means an Exchange established and operated by a State, and approved by HHS under 45 C.F.R. § 155.105.
27. “Status File” is a file provided by OPM to CMS that includes data about an individual’s Federal Employee’s Health Benefit eligibility.
28. “System of Records” as defined by the Privacy Act (5 U.S.C. § 552a(a)(5)) means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

II. RESPONSIBILITIES OF THE PARTIES

A. CMS Responsibilities

1. CMS will develop procedures through which an Applicant or Enrollee may request an Eligibility Determination via a single, streamlined application.
2. CMS will receive a monthly Status File with all Federal employee health care insurance information from OPM.
3. Administering Entities administering Insurance Affordability Programs will access the status file through the Data Services Hub. The Hub will use the information contained in the OPM status file to indicate if an Applicant or Enrollee is enrolled or eligible for an OPM Health Benefits Plan, which is a form of MEC under the ACA.
4. CMS will receive a Premium Spread Index File on an annual basis that identifies the lowest premium available to a Federal employee in each of the 32 premium localities.
5. Administering Entities will receive data from the Premium Spread Index File when an individual is identified in the OPM Status file. The Administering Entity will use this data to determine whether the lowest cost self-only plan offered to the employee is affordable.
6. CMS has developed and will maintain procedures through which Administering Entities can request and receive information verifying eligibility for MEC from the OPM Status File through the CMS Hub to make Eligibility Determinations.
7. CMS will enter into agreements with State-based Administering Entities that bind these entities to comply with appropriate privacy and security protections for PII, including requirements for these entities and their employees, contractors, and agents to comply with privacy and security requirements that are consistent with section 1411(g) of the ACA, 45 C.F.R. § 155.260, and the terms and conditions of this Agreement.
8. CMS will provide Congress and the OMB with notice of this matching program and will publish the required matching notice in the Federal Register.
9. CMS will ensure the receipt of appropriate consents from Applicants or Enrollees for use of PII collected, used, and disclosed for the purposes and programs outlined in this Agreement.

B. OPM Responsibilities

1. OPM will provide CMS with data that reside in an OPM Privacy Act System of Records (SOR). The OPM system of records for general personnel records has been published as OPM/GOVT-1 (General Personnel Records), 77 Federal Register, 73694, December 11, 2012. The disclosure of information will be made in accordance with routine use "rr." See http://www.gpo.gov/fdsys/pkg/FR-2012-12-11/html/2012-29777.htm.
2. OPM will submit the following to CMS: (1) a monthly Status File containing personnel data; and (2) a premium spread index file, which gives information identifying the lowest premium available to a Federal employee in each of the thirty-two (32) OPM

premium localities, on an annual basis. The individual data elements contained in the monthly Status File sent from OPM to CMS are detailed in section IV. B. 2.

III. JUSTIFICATION AND ANTICIPATED RESULTS

A. Justification

Under the ACA, certain individuals are eligible to purchase health insurance coverage from an Exchange and for assistance in paying for the premiums and cost sharing related to that coverage in the form of APTCs and CSRs. Pursuant to 26 U.S.C. § 36B(c)(2) and § 1402(f)(2) of the ACA, an individual generally may not be found eligible for APTCs and CSRs for any month during which the applicant is eligible for MEC other than coverage described in section 5000A(f)(1)(c) (relating to coverage in the individual market). Under section 1331(e)(1)(C) of the Affordable Care Act, individuals are eligible for enrollment in a Basic Health Program if they are not eligible for MEC as defined in section 5000A(f) of the Internal Revenue Code. The coverage provided through an OPM Health Benefits Plan, described in more detail elsewhere in this agreement, qualifies as MEC eligibility which may disqualify an individual from receiving APTCs and CSRs or BHP coverage.

The ACA requires the use of a single, streamlined application which may be used to apply for eligibility for Insurance Affordability Programs. An Applicant or Enrollee must be able to file this application online, by telephone, in person, or by mail with any of the entities administering these programs. The ability of an Applicant or Enrollee to access coverage and financial assistance across multiple programs through a single streamlined application and coordinated eligibility process ensures that no matter how an application is submitted or which program receives the application data, an Applicant or Enrollee will experience a consistent process and receive an appropriate Eligibility Determination, without the need to submit information to multiple programs.

In order to provide accurate and efficient Eligibility Determinations when an Applicant or Enrollee uses this single streamlined application and coordinated eligibility process, a computer matching program is necessary because it provides an efficient and prompt means to verify whether one of the criteria for eligibility for APTCs, CSRs, and the Basic Health Program is met.

B. Anticipated Results

CMS anticipates that this data transfer will produce expedited Eligibility Determinations and will minimize administrative burdens. The benefit of this data match with respect to the Insurance Affordability Programs is the increased assurance that CMS achieves efficiencies and administrative cost savings. This collaborative model, which offers service-based access to authoritative data, will lessen financial and administrative burdens by eliminating the need for each Administering Entity that administers an Insurance Affordability Program to execute several agreements with multiple Federal agencies.

C. Cost Benefit Analysis

Pursuant to section 552a(u)(4) of the Privacy Act, a cost-benefit analysis of this computer matching program was conducted. [RESULTS OF CBA TO BE INSERTED ONCE COMPLETED]

IV. DESCRIPTION OF THE RECORDS TO BE MATCHED

A. Systems of Records

1. CMS System of Records

The CMS System of Records for this matching program is the "Health Insurance Exchanges Program (HIX)", CMS System No. 09-70-0560, originally published at 78 Fed. Reg. 8538 (Feb. 6, 2013), and last amended at 78 Federal Register, 63211 (October 23, 2013).

2. OPM System of Records

The OPM System of Records for this matching program is titled "General Personnel Records" (OPM/GOVT-1), published at 77 Federal Register, 73694 (December 11, 2012). The disclosure of information to CMS will be made in accordance with routine use "rr." See http://www.gpo.gov/fdsys/pkg/FR-2012-12-11/html/2012-29777.htm.

B. Specified Data Elements

1. From CMS to OPM. CMS will not share any data with OPM under this Agreement that will be used to support Eligibility Determinations. However, through the Hub, CMS will provide file transfer acknowledgements confirming that data files provided by OPM have transmitted successfully. If there is a transport level error during a file transmission, CMS will provide OPM with an automated error response to that effect. If, during the Hub's data validation process, CMS detects an error in a data file received from OPM, CMS will provide OPM with an error file.
2. From OPM to CMS. OPM will send a monthly, full refreshed Status File that contains a list of and data for, active Federal employees. The Status File will include the following specified data elements:

a. Record type;
b. Record number;
c. Unique person ID;
d. Social Security Number;
e. Last name;
f. Middle name;
g. First name;
h. Last name suffix;
i. Gender;
j. Date of birth; and
k. Health Plan Code.

3. OPM will also send to CMS, on an annual basis, a Premium Spread Index File that identifies the lowest premium available to a Federal employee in each of the 32 premium localities. The Premium Spread Index File provides premium data for the current and future calendar year, for both fee-for-service and health maintenance organization health plans, including the following specified data elements:

    a. State;
    b. Plan;
    c. Option;
    d. Enrollment code;
    e. Current total bi-weekly premium;
    f. Future total bi-weekly premium;
    g. Future government pays bi-weekly premium;
    h. Future employee pays bi-weekly premium
    i. Future change in employee payment bi-weekly premium;
    j. Current total monthly premium;
    k. Future total monthly premium;
    l. Future government pays monthly premium;
    m. Future employee pays monthly premium; and
    n. Future change in employee payment monthly premium.

C. Number of Records

The base estimates for the total number of transactions in FY 2016 is 115,522,668. The base estimates for the total number of transactions in FY 2017 is 154,799,288. The number of transactions for the estimated highest month in FY 2016 is 18,605,649. The number of transactions for the estimated highest month in FY 2017 is 24,341,786. These estimates use current business assumptions. These estimates are subject to change as business assumptions or estimates are updated and/or refined.

D. Projected Starting and Completion Dates of the Matching Program

1. Starting Date – [INSERT DATE]
2. Completion Date – [INSERT DATE].

V. PROCEDURES FOR INDIVIDUAL NOTICE

A. CMS will publish notice of the matching program in the Federal Register as required by the Privacy Act (5 U.S.C. §552a(e)(12)).

B. At the time of application or change of circumstances, an Administrative Entities administering an Insurance Affordability Program will provide a notice to the Applicants or Enrollees about the OMB-approved streamlined eligibility application.

C. The Administering Entity administering the Insurance Affordability Program will ensure provision of a redetermination notice in accordance with applicable law. These notices

will inform Applicants and Enrollees that the information they provide may be verified with information in the records of other Federal agencies.

VI. VERIFICATION AND OPPORTUNITY TO CONTEST

Before an agency administering an Insurance Affordability Program may take any adverse action based on the information received from the matches under this Agreement, the individual will be permitted to provide the necessary information or documentation to verify eligibility information. When an agency administering an Insurance Affordability Program determines that an Applicant or an Enrollee is ineligible for an Insurance Affordability Program based on the information provided by the match, and that information is inconsistent with information provided on the streamlined eligibility application or otherwise by an Applicant or Enrollee, the agency administering the Insurance Affordability Program will comply with applicable law and will notify each Applicant or Enrollee of the match findings and provide the following information: (l) the agency received information that indicates the Applicant or Enrollee is ineligible for an Insurance Affordability Program; and (2) the Applicant or Enrollee has a specified number of days from the date of the notice to contest the determination that the Applicant or Enrollee is ineligible for the relevant Insurance Affordability Program.

VII. ACCURACY ASSESSMENTS

OPM currently estimates that 99% of the information is accurate for ACA purposes in cases where: (1) an exact applicant match is returned, (2) the applicant has an enrollment status of "verified," and (3) the applicant's enrollment period coincides with the start/end dates received from the Hub.

VIII. PROCEDURES FOR RETENTION AND TIMELY DESTRUCTION OF IDENTIFIABLE RECORDS

OPM and CMS will retain the electronic files received from the other Party only for the period of time required for any processing related to the Eligibility Determination under the matching program and will then destroy all such data by electronic purging, unless OPM or CMS is required to retain the information for enrollment, billing, payment, program audit, legal evidentiary purposes, or where they are required by law to retain the information. Administering Entities administering Insurance Affordability Programs will also retain data for such purposes and under the same terms. In case of such retention by OPM and CMS, OPM and CMS will retire the retained data in their system of records in accordance with the applicable Federal Records Retention Schedule (44 U.S.C. § 3303a). OPM and CMS will not create permanent files or separate systems comprised solely of the data provided by the other Party.

IX. SECURITY PROCEDURES

A. General. CMS will maintain a level of security that is commensurate with the risk and magnitude of harm that could result from the loss, misuse, disclosure, or modification of the information contained on the system with the highest appropriate sensitivity level.

B. Legal Compliance. CMS shall comply with the limitations on use, storage, transport, and safeguarding of data under all applicable Federal laws and regulations. These laws and

regulations include section 1411(g) of the ACA; the Privacy Act of 1974; the E-Government Act of 2002, which includes the Federal Information Security Management Act of 2002 (FISMA), 44 U.S.C. §§ 3541-3549, as amended by the Federal Information Security Modernization Act, 44 U.S.C. §§ 3551-3558; Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Computer Fraud and Abuse Act of 1986, the Clinger-Cohen Act of 1996, and the corresponding implementation regulations for each statute. Additionally, CMS will follow Federal, HHS, and CMS policies including the HHS Information Security Acceptable Risk Safeguards (ARS) CMS Minimum Security Requirements.

C. CMS will comply with OMB circulars and memoranda, such as Circular A-130, revised, Management of Federal Information Resources (November 28, 2000), and Memorandum M-06-16, Protection of Sensitive Agency Information (June 23, 2006); National Institute of Standards and Technology (NIST) directives and publications; and the Federal Acquisition Regulations. These laws, directives, and regulations include requirements for safeguarding Federal information systems and PII used in Federal agency business processes, as well as related reporting requirements. The parties recognize and will implement the laws, regulations, NIST standards, and OMB directives including those published subsequent to the effective date of this Agreement.

D. FISMA requirements apply to all Federal contractors, organizations, or entities that possess or use Federal information, or that operate, use, or have access to Federal information systems on behalf of an agency. Both parties are responsible for oversight and compliance of their contractors and agents.

E. Loss, Potential Loss, Incident Reporting, and Breach Notification. CMS will comply with OMB reporting guidelines in the event of a loss, potential loss, Security Incident or Breach of PII (see OMB Memorandum M-06-19, Reporting Incidents Involving Personally Identifiable Information and Incorporating the Cost for Security in Agency Information Technology Investments (July 12, 2006); OMB M-07-16, Safeguarding Against and Responding to the Breach of Personally Identifiable Information (May 22, 2007); and OMB M-15-01, Fiscal Year 2014-2015 Guidance on Improving Federal Information Security and Privacy Management Practices (Oct. 3, 2014)). If CMS experiences such an event, CMS will notify OPM's System Security Contact named in this Agreement within one (1) hour of discovering the loss, potential loss, Security Incident, or Breach. If CMS is unable to speak with OPM's System Security Contact within one (1) hour or if contacting the System Security Contact is not practicable (e.g., outside of normal business hours), then the following contact information will be used.

1. If CMS is unable to speak with the OPM Systems Security Contact within one hour or if for some other reason notifying the OPM Systems Security Contact is not practicable (e.g., it is outside of the normal business hours), CMS will call the OPM Situation Room at: sitroom@opm.gov, (202) 418-0111, Fax (202) 606-0624.

CMS will be responsible for following its established procedures, including notifying the proper organizations (e.g., United State Computer Emergency Readiness Team (US-CERT)), conducting a breach and risk analysis, and making a determination of the need for notice and/or remediation to individuals affected by the loss. CMS will follow PII

Breach notification policies and related procedures as required by OMB guidelines and the US-CERT Federal Incident Notification Guidelines. If CMS determines that the risk of harm requires notification to the affected individuals or other remedies CMS will carry out these remedies without cost to OPM.

F. Administrative Safeguards. CMS will restrict access to the matched data and to any data derived from the match to only those Authorized Users of the Hub, e.g., agencies administering Insurance Affordability Programs and their employees, agents, officials, contractors, etc., who need it to perform their official duties in connection with the uses of data authorized in this Agreement. Further, CMS will advise all personnel who will have access to the data matched and to any data created by the match of the confidential nature of the data, the safeguards required to protect the data, and the civil and criminal sanctions for noncompliance contained in the applicable Federal laws.

G. Physical Safeguards. CMS will store the data matched and any data created by the match in an area that is physically and technologically secure from access by unauthorized persons at all times. Physical safeguards may include, but are not limited to, door locks, card keys, and biometric identifiers. Only authorized personnel will transport the data matched and any data derived from the match. CMS will establish appropriate safeguards for such data, as determined by a risk-based assessment of the circumstances involved.

H. Technical Safeguards. CMS will process the data matched and any data derived from the match under the immediate supervision and control of authorized personnel to protect the confidentiality of the data in such a way that unauthorized persons cannot retrieve any such data by means of computer, remote terminal, or other means. Systems personnel must enter personal identification numbers when accessing data on a Party's systems. CMS will strictly limit authorization to those electronic data areas necessary for the authorized analyst to perform his or her official duties.

I. Application of Policies and Procedures. The parties will adopt policies and procedures to ensure that each Party uses the information described in this Agreement that is contained in their respective records or obtained from each other solely as provided in this Agreement. CMS will comply with their respective policies and procedures and any subsequent revisions.

J. On-Site Inspections. OPM has the right to monitor CMS's compliance with FISMA and OMB Memorandum M-06-16 requirements for data exchanged under this Agreement, and to audit compliance with this Agreement, if necessary, during the lifetime of this Agreement, or any extension of this Agreement and for a short span to conduct audits after the Agreement terminates. CMS will provide OPM with any reports and/or documentation relating to such inspections at OPM's request. OPM may request an on-site inspection in addition to requesting reports and/or documentation.

K. Compliance. CMS must ensure information systems that process information provided by OPM under this matching Agreement are compliant with CMS standards contained in the Minimum Acceptable Risk Standards for Exchanges (MARS-E) and CMS Acceptable Risk Safeguards. The MARS-E suite of documents can be found at:

http://www.cms.gov/cciio/resources/regulations-and-guidance/index.html, under Minimum Acceptable Risk Standards. To the extent these documents are revised during the term of this Agreement, CMS must ensure compliance with the revised version. CMS will implement compliance monitoring procedures to ensure that information provided by SSA under this matching Agreement is properly used by CMS or by Authorized Users. Reviews of Authorized Users will be conducted at the discretion of CMS.

X. RECORDS USAGE, DUPLICATION, AND DISCLOSURE

CMS and OPM will comply with the following limitations on use, duplication, and disclosure of the electronic files, and data provided by the other Party under this Agreement (the Data):

A. CMS will not use or disclose the Data for any purpose other than the purposes authorized by this Agreement or permissible under applicable Federal law, without the consent of the other party.

B. OPM and CMS will not duplicate or disseminate the other Party's Data, within or outside their respective agencies, without the written consent of the other party, except as required by Federal law or for purposes under this Agreement. CMS will ensure that Administering Entities using the Hub will not duplicate or disseminate the submission and response files within or outside of their respective agencies, without the written consent of OPM, except as required by law or for purposes under this Agreement. To gain consent for a use or disclosure of the Data that is not authorized by this Agreement, the agency requesting the consent must specify in writing at least the following: (1) the data to be used or disclosed, (2) to whom the data will be disclosed, (3) the reasons justifying such use or disclosure, and (4) the intended use of the data.

C. CMS and OPM will not use the Data to extract information concerning individuals therein for any purpose not specified by this Agreement or allowed by applicable Systems of Records Notices (SORN) or Federal law.

D. Through the Hub, CMS may disclose the Data received from OPM to Exchanges and Administering Entities administering BHPs pursuant to separate Computer Matching Agreements that authorize such entities to use the Data for Eligibility Determinations regarding APTC, CSRs and BHP. Exchanges, including CMS in its capacity performing Eligibility Determinations for the FFEs and State-based Exchanges who rely on CMS for eligibility and enrollment functions, and agencies administering BHPs may share the results of the data matches under this Agreement with Applicants or Enrollees; application filers; and the Authorized Representatives of such persons.

E. Any individual, including officers, employees, and contractors of the Parties, who knowingly and willfully uses or discloses information obtained pursuant to this Agreement in a manner or for a purpose not authorized by 45 C.F.R. § 155.260 and § 1411(g) of the ACA are subject to the civil penalty provisions of § 1411(h)(2) and 45 C.F.R. § 155.285, which carries a fine of up to $25,000 per use or disclosure.

XI. COMPTROLLER GENERAL ACCESS

Pursuant to 5 U.S.C. § 552a(o)(1)(K), the Government Accountability Office (Comptroller General) may have access to all CMS and OPM records, as necessary, in order to verify compliance with this Agreement.

XII. REPORT TO CONGRESS AND OMB

When both the HHS Data Integrity Board (DIB) and the OPM DIB have approved this Agreement, CMS will submit a report of the matching program to Congress and OMB for review, publish a Notice in the Federal Register, and provide a copy of such notification to OPM.

XIII. REIMBURSEMENT

All work performed by OPM to perform the computer match under this Agreement will be performed on a reimbursable basis. OPM will allocate sufficient funds annually to support the completion of its responsibilities under this Agreement. The legal authority for transfer of funds is the Economy Act at 31 U.S.C. § 1535. Reimbursement will be transacted by means of a separate reimbursement instrument in accordance with the established procedures that apply to funding reimbursement actions. CMS and OPM will execute and maintain a separate Interagency Agreement on an annual basis to address CMS reimbursement of relevant OPM costs related to requests covered by this Agreement.

XIV. PERSONS TO CONTACT

A. The OPM contacts are:

Operational Issues

Gary Lukowski
Manager, Data Analysis
Office of Planning and Policy Analysis
U. S. Office of Personnel Management
1900 E. Street N.W, Room 2449
Washington, D.C. 20415
Phone: (202) 606-1449
E-Mail: Gary.Lukowski@opm.gov

IT Security Issues

Andy Newton
Chief, IT Security and Privacy
Office of the Chief information Officer
U.S. Office of Personnel Management
1900 E Street NW, Room 7H3l-36
Washington, DC. 20415
Phone: (202) 606-1416
E-Mail: Andy.Newton@opm.gov

Privacy Act Agreement Issues

Nicole Lohr
Attorney
Office of General Counsel
U.S. Office of Personnel Management
1900 E. Street NW, Room 7542
Washington, DC 20415
Phone: (202) 606-1700
E-Mail: Nicole.Lohr@opm.gov

Data Issues

Gary Worley, Data Lead, BHRI
Office of the Chief Information Officer
U.S. Office of Personnel Management
1900 E Street, NW, Room 3451
Washington, DC 20415
Phone: (202) 606-8166
E-Mail: Gary.Worley@opm.gov

B. The CMS contacts are:

Program Issues

Elizabeth Kane, Acting Director
Verification Policy and Operations Division
Eligibility and Enrollment Group
Center for Consumer Information & Insurance Oversight
Centers for Medicaid and Medicare Services
7501 Wisconsin Avenue
Bethesda, Maryland 20814
Phone: 301-492-4418
E-Mail: Elizabeth.Kane@cms.hhs.gov.

Privacy Act Issues

Walter Stone
CMS Privacy Officer
Division of Information Security, Privacy Policy & Governance
Information Security & Privacy Group
Office of Enterprise Information
Centers for Medicaid and Medicare Services
Mail Stop: N1-24-08
Phone: 410-786-5357
E-Mail: walter.stone@cms.hhs.gov.

Privacy Incident Reporting

LaTasha Grier
Division of Cyber Threat & Security Operations
Division of Information Security, Privacy Policy & Governance
Information Security & Privacy Group
Office of Enterprise Information
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Mail Stop: N1-24-08
Baltimore, MD 21244-1849
Telephone: (410) 786-3328
E-mail: LaTasha.Grier@cms.hhs.gov.

Security Issues

Devany Nicholls
Baltimore Data Center ISSO
Division of Operations Management
Enterprise Infrastructure & Operations Group
Office of Technology Solutions
7500 Security Boulevard
Baltimore, MD 21244-1859
Phone: (410) 786-8189
Fax: (410) 786-9700
E-mail: Devany.Nicholls@cms.hhs.gov

XV. LIABILITY

A. Each Party to this Agreement shall be liable for acts and omissions of its own employees.

B. Neither Party shall be liable for any injury to another Party's personnel or damage to another Party's property, unless such injury or damage is compensable under the Federal Tort Claims Act (28 U.S.C. § 1346(b)), or pursuant to other Federal statutory authority.

C. Neither Party shall be responsible for any financial loss incurred by the other, whether directly or indirectly, through the use of any data furnished pursuant to this Agreement.

XVI. DISPUTE RESOLUTION

CMS and OPM will resolve disputes related to this Agreement in accordance with instructions provided in the Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, Appendix 10, *Intragovernmental Transactions Guide*, available on the TFM Website at http://tfm.fiscal.treasury.gov/v1/p2/c470.pdf.

XVII. INTEGRATION CLAUSE

This Agreement constitutes the entire agreement of the Parties with respect to its subject matter and supersedes all other data exchange agreements between the Parties that pertain to the

disclosure of data between OPM and CMS for the purposes described in this Agreement. CMS and OPM have made no representations, warranties, or promises outside of this Agreement. This Agreement takes precedence over any other documents that may be in conflict with it.

XVIII. EFFECTIVE DATE, TERM, MODIFICATION, AND TERMINATION

A. Effective Date: The Effective Date of this Agreement is April 2, 2016, provided that the following review periods have lapsed: thirty (30) days from the date CMS publishes a Notice of Computer Matching in the Federal Register; thirty (30) days from the date the matching program report is transmitted to the Congressional committees of jurisdiction consistent with the provisions of 5 U.S.C. §§ 552a (r), (o)(2)(A), and (o)(2)(B); and forty (40) days from the date the matching program report is sent to OMB, consistent with the provisions of 5 U.S.C. § 552a (r) and OMB Circular A-130, Revised (Transmittal Memorandum No. 4), November 28, 2000, Appendix I, entitled "Federal Agency Responsibilities for Maintaining Records about Individuals" (A-130 Appendix I).

B. Term: This initial term of this Agreement will be eighteen (18) months.

C. Renewal: The Parties may, within three (3) months prior to the expiration of this Agreement agree to renew this Agreement for a period not to exceed twelve (12) months.

D. Modification: The parties may modify this Agreement at any time by a written modification, mutually agreed to by both Parties and approved by the DIBs of HHS and OPM.

E. Termination: This Agreement may be terminated at any time upon the mutual written consent of the parties.

XIX. APPROVALS

A. Centers for Medicare & Medicaid Services Program Official

The authorized program official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized CMS Program Official)

_____

Karen M. Shields
Deputy Center and Operations Director
Center for Consumer Information & Insurance Oversight
Centers for Medicare & Medicaid Services

Date:_____

B. Centers for Medicare & Medicaid Services Program Official

The authorized program official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized CMS Program Official)

_____

Timothy Hill
Deputy Director
Information Security and Privacy Group
Centers for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services

Date:_____

C. Centers for Medicare & Medicaid Services Approving Official

The authorized program official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized CMS Approving Official)

_____

Emery Csulak
Senior Official for Privacy
Information Security and Privacy Group
Office of Enterprise Information
Centers for Medicare & Medicaid Services

Date:_____

D. Office of Personnel Management Program Official

The authorized program official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized OPM Program Official)

_____

Jonathan Foley
Director
Planning and Policy Analysis
Office of Personnel Management

Date:_____

E. Office of Personnel Management Approving Official

The authorized approving official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized OPM Program Official)

_____

Donna K. Seymour
Acting Chief Information Officer
Office of Personnel Management

Date:_____

XX. DATA INTEGRITY BOARD APPROVALS

A. Department of Health and Human Services Approving Official

The authorized DIB Official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized HHS DIB Approving Official)

_____

Colleen Barros
Chairperson, HHS Data Integrity Board
Acting Assistant Secretary for Administration
U.S. Department of health and Human Services

Date:_____

B. Office of Personnel Management DIB Official

The authorized DIB Official, whose signature appears below, accepts and expressly agrees to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commits their respective organization to the terms of this Agreement.

Approved By (Signature of Authorized OPM DIB Approving Official)

_____

Donna K. Seymour, Chairperson
Data Integrity Board
Office of Personnel Management

Date:_____

Attachment A: Proposed Federal Register Notice

Attachment B: Cost-Benefit Analysis: Eligibility Verifications with Federal Agencies

ATTACHMENT A

Billing Code: 4120-03

COMPUTER MATCHING AGREEMENT
BETWEEN
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
And
THE OFFICE OF PERSONNEL MANAGEMENT
For
VERIFICATION OF ELIGIBILITY FOR MINIMUM ESSENTIAL COVERAGE UNDER THE PATIENT PROTECTION AND AFFORDABLE CARE ACT THROUGH AN OFFICE OF PERSONNEL MANAGEMENT HEALTH BENEFIT PLAN

CMS Computer Matching Agreement No. 2016-14
Department of Health and Human Services No. 1608
Effective Date – April 2, 2016
Expiration Date – October 2, 2017

AGENCY: Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS)

ACTION: Notice of Computer Matching Program (CMP)

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, this notice announces the establishment of a CMP that CMS plans to conduct with the Office of Personnel Management (OPM).

EFFECTIVE DATES: Comments are invited on all portions of this notice. Public comments are due 30 days after publication. The matching program will become effective no sooner than 40 days after the report of the matching program is sent to the Office of Management and Budget (OMB) and Congress, or 30 days after publication in the *Federal Register,* whichever is later.

ADDRESS: The public should send comments to: CMS Privacy Officer, Division of Information Security, Privacy Policy & Governance, Information Security & Privacy Group,

Office of Enterprise Information, CMS, Room N1-24-08, 7500 Security Boulevard, Baltimore, Maryland 21244-1850. Comments received will be available for review at this location, by appointment, during regular business hours, Monday through Friday from 9:00 a.m. - 3:00 p.m., Eastern Time zone.

FOR FURTHER INFORMATION CONTACT: Lindsey Murtagh, Center for Consumer Information and Insurance Oversight, Centers for Medicare & Medicaid Services, Phone: (301) 492-4106, E-Mail: lindseymurtagh@cms.hhs.gov.

SUPPLEMENTARY INFORMATION: The Computer Matching and Privacy Protection Act of 1988 (Public Law (Pub. L.) 100-503), amended the Privacy Act (5 U.S.C. § 552a) by describing the manner in which computer matching involving Federal agencies could be performed and adding certain protections for individuals applying for and receiving Federal benefits. Section 7201 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508) further amended the Privacy Act regarding protections for such individuals. The Privacy Act, as amended, regulates the use of computer matching by Federal agencies when records in a system of records are matched with other Federal, state, or local government records. It requires Federal agencies involved in computer matching programs (CMP) to:

1. Negotiate written agreements with the other agencies participating in the matching programs;
2. Obtain the Data Integrity Board approval of the match agreements;
3. Furnish detailed reports about matching programs to Congress and OMB;
4. Notify applicants and beneficiaries that the records are subject to matching; and,
5. Verify match findings before reducing, suspending, terminating, or denying an individual's benefits or payments.

This matching program meets the requirements of the Privacy Act of 1974, as amended.

Date _____ _____

Walter Stone

CMS Privacy Officer

Centers for Medicare & Medicaid Services

CMS Computer Match No. 2016-14
HHS Computer Match No.1608

NAME: "Computer Matching Agreement between the Department of Health and Human Services, Centers for Medicare & Medicaid Services and the Office of Personnel Management for the Verification of Eligibility for Minimum Essential Coverage Under the Affordable Care Act."

SECURITY CLASSIFICATION:

Unclassified

PARTICIPATING AGENCIES:

Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS), and the Office of Personnel Management (OPM).

AUTHORITY FOR CONDUCTING MATCHING PROGRAM:

Sections 1411 and 1413 of the Patient Protection and Affordable Care Act of 2010 (Public Law 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) (collectively, the ACA) require the Secretary of HHS to establish a program for applying for and determining eligibility for advance payments of the premium tax credit and cost-sharing reductions and authorize use of secure, electronic interfaces and an on-line system for the verification of eligibility.

The Computer Matching and Privacy Protection Act of 1988 (CMPPA) (Public Law100-503), amended the Privacy Act (5 U.S.C. § 552a) and requires the parties participating in a matching program to execute a written agreement specifying the terms and conditions under which the matching will be conducted. CMS has determined that status verification checks to be

conducted through the CMS Data Services Hub (Hub) by agencies administering insurance affordability programs using the Enterprise Human Resources Integration (EHRI) data source Status File provided to CMS by OPM constitute a "computer matching program" as defined in the CMPPA.

PURPOSE(S) OF THE MATCHING PROGRAM:

The purpose of the Computer Matching Agreement is to establish the terms, conditions, safeguards, and procedures under which OPM will provide records, information, or data to CMS for verifying eligibility for Minimum Essential Coverage through an OPM Health Benefits Plan. The data will be used by CMS in its capacity as a Federally-facilitated Exchange, and agencies administering insurance affordability programs that will receive the results of verifications using OPM data obtained through the CMS Data Services Hub.

Data will be matched for the purpose of verifying an Applicant or Enrollee's eligibility for OPM Health Benefit Plans that constitute minimum essential coverage as defined in section 5000A(f) of the Internal Revenue Code of 1986, 26 U.S.C. §5000A, as amended by §1501 of the ACA.

DESCRIPTION OF RECORDS TO BE USED IN THE MATCHING PROGRAM:

The CMP will be conducted with data maintained by CMS in the Health Insurance Exchanges (HIX) Program, CMS System No. 09-70-0560, as amended. The system is described in System of Records Notice (SORN) published at 78 Federal Register (Fed. Reg.) 63211 (Oct. 23, 2013).

The OPM system of records for this matching program is titled "General Personnel Records (OPM/GOVT-1), published at 77 Federal Register, 73694, December 11, 2012. The disclosure

of information to CMS will be made in accordance with routine use "rr." OPM will submit to CMS a monthly Status File that is a full refresh of all Federal employee health care insurance information. OPM also will submit to CMS, on an annual basis, a Premium Spread Index File that provides information identifying the lowest premium available to a Federal employee in each of the thirty-two (32) OPM premium localities.

INCLUSIVE DATES OF THE MATCH:

The CMP will become effective no sooner than 40 days after the report of the matching program is sent to OMB and Congress, or 30 days after publication in the Federal Register, whichever is later. The matching program will continue for 18 months from the effective date and may be extended for an additional 12 months thereafter, if certain conditions are met.

ATTACHMENT B

Cost-Benefit Analysis: Eligibility Verifications with Federal Agencies

I. BACKGROUND

Statutory Requirements

This cost-benefit analysis covers computer matching programs used by CMS to provide "eligibility verification" hub services required to implement provisions of the Patient Protection and Affordable Care Act (ACA) related to verifying individuals' eligibility for enrollment in qualified health plans (QHPs) with or without advance payments of the premium tax credit or cost-sharing reductions; in Medicaid; in CHIP; or in Basic Health Plans. Section 1411(a) of ACA requires the Secretary of the Department of Health and Human Services (HHS) to establish a program to determine eligibility for enrollment in coverage under a qualified health plan through an Exchange or certain state health subsidy programs[1], and for certifications of exemption from the individual responsibility requirement or the penalty imposed by section 5000A of the Internal Revenue Code. Section 1411(c) requires the verification of certain identifying information against the records maintained the Social Security Administration, the Department of Homeland Security, and the U.S. Department of the Treasury. Section 1411(d) directs HHS to establish a system for the verification of other information necessary to make an eligibility determination. Section 1413 requires HHS to establish a streamlined enrollment system and secure electronic interface to verify data and determine eligibility for state health subsidy programs. Section 2201 requires that Medicaid and CHIP agencies utilize this streamlined enrollment system.

Design of Computer Matching Program

To implement these provisions regarding verifying consumer information related to eligibility determinations, CMS selected a computer matching program design that minimizes burdens for all parties and better ensures the integrity and security of the data. Specifically, CMS enters into separate CMAs with each of the following federal agencies: Social Security Administration (SSA), Department of Homeland Security (DHS), Internal Revenue Service (IRS), Veteran's Health Administration (VHA), the Department of Defense (DoD), the Office of Personnel Management (OPM) and the Peace Corps (each a trusted data source or TDS). These CMAs address with specificity the data provided by each federal agency to CMS for use by CMS and state-based entities administering state health subsidy programs (Administering Entities) in performing eligibility determinations. CMS receives data covered under these CMAs through the CMS Data Services Hub (Hub), which provides a single data exchange for Federal and

[1] State health subsidy programs means the program for the enrollment in qualified health plans offered through an Exchange, including the premium tax credits and cost-sharing reductions; a state Medicaid program; a state children's health insurance program (CHIP); and a state program under section 1331 establishing qualified basic health plans.

State-based agencies administering state health subsidy programs to interface with Federal agency partners. Administering Entities can request data matches through this Hub pursuant to a separate CMA entered into between each state and the District of Columbia and CMS. CMS uses the same CMA for each state, with the CMA specifying the allowed uses of data elements shared through the Hub, depending on which state health subsidy program the state administers (e.g., the CMA only authorizes a state to use certain data to perform verifications related to Basic Health Programs if the state administers a basic health program). This CMA also provides for Medicaid and CHIP programs to provide data to CMS for use in eligibility determinations.

This design achieves efficiencies by allowing Administering Entities to access data matches from federal Trusted Data Sources without each Administering Entity having to execute separate CMAs with each Trusted Data Source. Furthermore, the use of the Hub to perform data matches under the program ensures adherence to Federal and industry standards for security, data transport, and data safeguards as well as CMS policy for Exchanges, and makes it unnecessary for each state to develop and support separate verification processes through which they can receive, store, and secure the data provided by the source federal agencies. Additionally, this design ensures that all parties are using the same data to perform eligibility determinations, which better ensures data integrity.

Methodology of Cost-Benefit Analysis

Although the cost-benefit analysis of this computer matching program design is based on limited data and includes estimates that have not been confirmed by studies, it addresses all four key elements identified in GAO/PEMD-87-2 (i.e., Personnel Costs; Computer Costs; Avoidance of Future Improper Payments; and Recovery of Improper Payments and Debts). The analysis includes estimates of CMS's labor and system costs as both the recipient agency in relation to the aforementioned trusted data sources and recipient and source agency in relation to state-based administering entities; costs incurred by TDSs; and costs to Administering Entities (Medicaid/CHIP agencies, Marketplaces and agencies administering the Basic Health Program) to support the hub services. It also includes qualitative benefits to the parties, including clients and the public at large. Where data are unavailable to produce informed estimates, the analysis also describes types of costs and benefits that are not quantifiable at this time. At this time, the only quantified benefits are cost savings achieved by using the existing matching program instead of a manual process for eligibility verifications.

The timeframe for the analysis is fiscal year 2015 – which programmatically aligns with eligibility and enrollment activities during Open Enrollment 2015 through just before 2016 Open Enrollment. CMS anticipates that operational experience beyond 2015 will provide additional data from which other quantifiable benefits could be estimated for future cost-benefit analyses of this computer matching program.

The methodology used compares the costs and benefits of performing eligibility verifications manually, without computer matching (i.e., without the single, streamlined computer system mandated by the ACA, which depends on use of computer matching), versus electronically, with computer matching. The hypothetical manual process is one in which no electronic data would be used for verification and consumers would be required to submit paper documentation to verify data as specified in the ACA. Because

CMS has no choice but to use computer matching to comply with the ACA mandate to provide a single, streamlined computerized eligibility verification process, this cost-benefit analysis also describes savings realized by the choice of design used to effect the computer matching programs. However, we do not have data to quantify these savings at this time.

The methodology for specific estimates is described in the following section.

II. COSTS

Key Element 1: Personnel Costs

For Agencies –

Note: CMS serves as a both a recipient agency (with respect to TDS and certain Medicaid/CHIP programs) and a source agency (with respect to Administering Entities). Many of CMS's costs cannot be cleanly attributed to its role as either a source or a recipient agency. Therefore we have listed all of CMS's personnel costs together in a separate category. In addition, certain Medicaid and CHIP agencies play a dual role, as a source and recipient agency. We have grouped their costs in the recipient agency category.

- *Source Agency*: We estimate that personnel costs for source agencies total approximately $21.7 million. CMS does not collect information from each source agency about their personnel costs, therefore this estimate is built off personnel cost assumptions based on hub service context, TDS partnership history and known ongoing work. We believe a decentralized computer matching program would require source agencies to designate additional personnel to accommodate the burden of supporting separate computer matching programs with each state.
- *Recipient Agencies:* We estimate that the personnel costs associated with the computer matching program to recipient agencies (including State-based Marketplaces, Medicaid/CHIP agencies and Basic Health Programs) is $215 million. We do not require recipient agencies to submit personnel costs to CMS. This estimate is based on assumptions from CMS operational engagement with these agencies. In contrast, a manual process would require additional personnel to manually review and verify consumer information. We estimate that a manual process would require just over one billion dollars in personnel costs to recipient agencies. This estimate is based off the cost of the current cost of manually verifying consumer information today for Marketplaces and the Basic Health Program. The Medicaid/CHIP cost is mitigated by the assumption that without the current Hub Medicaid/CHIP would use the decentralized data connections they had pre-ACA with TDSs. Overall however, a decentralized computer matching program would likely require recipient agencies to spend more on personnel costs than the existing matching program, but less than a manual process. We have not quantified the associated costs.
- *CMS:* We quantified two categories of personnel costs for CMS: (1) personnel costs associated with verification services generally and providing support to the TDSs; and (2) personnel costs associated with providing state-based Administering Entities with technical assistance. Note, that these estimates focus on the operational,

technical and policy support to the eligibility verification services; they do not include all personnel costs associated with the computer matching program. For example, we have not included an estimate of costs associated with preparing the computer matching agreements. We estimate that the computer matching program includes personnel costs for category (1) of approximately $1.5 million, and for category (2) of approximately $400,000. This estimate is based on current staffing from policy, operational and technical support teams and their contractors directly supporting the eligibility verification services, the source agencies and the recipient agencies. We believe a manual system would increase the personnel costs in category (1), but decrease the personnel costs devoted to state technical assistance, for a net increase in personnel costs of approximately $200,000. We believe a decentralized computer matching program would similarly decrease the personnel costs related to state technical assistance to CMS (while significantly increasing these costs for source and recipient agencies), but would not result in significant savings in category (1), as CMS would continue to require roughly the same personnel to support the verifications services for the Federally-facilitated Marketplace (FFM), and would continue to provide similar support to TDSs.

Additionally, certain personnel costs incurred by source agencies are transferred to CMS. We estimate these computer costs at $2.1 million. These costs were not included in the personnel costs estimated for source agencies above.

- *Justice Agencies:* Because, as described in section III, data from this computer matching program is not used to recover improper payments, we are aware of no personnel costs to justice agencies associated with this computer matching program.

For Clients: When a data match through the eligibility hub services identifies a data inconsistency, clients (consumers) are given an opportunity to produce documentation showing they are eligible for the applicable program. We believe that the centralized, electronic/real-time computer matching program produces more accurate verifications than either a manual system or a decentralized computer matching program, minimizing the amount of time clients must spend responding to inaccurate verifications. We have quantified that cost at $408 million, using the estimated time to gather and mail documents and the standard hourly wage to quantify an average client's time. In addition to saving clients time, we believe the more efficient centralized computer matching program design will reduce the frustration experienced by clients in trying to verify their data.

For Third Parties: Although no data was developed regarding costs to third parties, we would expect that overall the increased accuracy of data matches achieved through this computer matching agreement would result in lower personnel costs to third parties. For example Navigators who assist consumers with an applicant, would have lower costs than they would with either a manual process or a decentralized computer matching program.

For the General Public: We are not aware of personnel costs to the general public associated with the matching program.

Key Element 2: Agencies' Computer Costs

Note: CMS serves as both a recipient agency (with respect to each TDS and certain Medicaid/CHIP programs) and a source agency (with respect to Administering Entities). Many of CMS's costs cannot be cleanly attributed to its role as either a source or a recipient agency. Therefore we have listed all of CMS's computer costs separately. In addition, certain Medicaid and CHIP agencies play a dual role, as a source and recipient agency. We have grouped their costs in the recipient agency category.

- *Source Agencies (with exception of CMS and Medicaid/CHIP agencies):* We estimate the computer costs associated with the computer matching program to be $7.0 million for source agencies. We did not quantify the computer costs to source agencies if the computer matching program relied on a decentralized design through which each Administering Entity established separate connections with the source agency or used existing connections. However, we anticipate that the centralized design of the computer matching program achieves economies of scale that result in significant savings to the source agencies.
- *Recipient Agencies (with exception of CMS):*We estimate that the computer (system) costs associated with the computer matching program to recipient agencies (including State-based Marketplaces, Medicaid/CHIP agencies and Basic Health Programs) is $647 million, versus $431 million with a manual verification process. We do not require recipient agencies to submit system costs to CMS. This estimate is based on assumptions from CMS operational engagement with these agencies. This cost includes both system and personnel cost, because while a manual process to review and verify consumer information would derive most of its cost from personnel, systems would likely still exist – including a consumer account system and system connections that would be triggered manually; for example accessing the DHS/SAVE system through the manual user interface.
- *CMS:* We estimate the computer (system) costs of maintaining the Data Services Hub that facilitates the computer matching program is $136.8 million. In contrast, we estimate the computer costs associated with a manual verification process would be $1.8 billion. This estimate is based on the average cost to process a paper or manual verification today ($17 per verification) multiplied by the number of eligibility verifications performed on an application times the number of applicants. The number of eligibility verifications depends upon applicants who were not seeking financial assistance (9%) verses those applicants who were seeking financial assistance. We also added an assumption that there would be a 10% reduction of applicants seeking financial assistance with the added burden of a manual verification process.

  We note that under this manual process, many of the costs would be transferred from CMS to states. If instead of the current streamlined and centralized computer matching program, CMS required each Administering Entity to establish its own secure connection with TDSs to receive data (or use an existing connection), CMS would still need to establish a secure connection with each TDS for its own use in performing eligibility determinations for the FFM. While the costs of maintaining the Hub would likely be lessened due to the absence of data match requests for

Administering Entities, there are economies of scale achieved by allowing the Administering Entities to use the Hub.

Additionally, certain computer costs incurred by the source agencies are transferred to CMS. We estimate these computer costs at $6.8 million. These costs were not included in the computer costs estimated for source agencies above.

- *Justice Agencies:* We are not aware of any computer costs incurred by justice agencies in connection with this matching program.

III. BENEFITS

Key Element 3: Avoidance of Future Improper Payments

To Agencies –

- *Source agencies:* Source agencies do not receive benefits related to the avoidance of future improper payments, with the exception of CMS, which receives these benefits in its role as a recipient agency (i.e., as the operator of the FFM). These benefits to CMS are described in the recipient agencies section below.
- *Recipient agencies:* We believe that our electronic verification sources are a more accurate and efficient means of verifying a consumer's information compared to both the manual review of consumer-provided documentation and the use of multiple decentralized computer matching programs between each Administering Entity and each TDS. The real-time data matches allowed by the computer matching program increase the efficiency with which we verify a consumer's information, allowing for increased avoidance of improper payments for the FFM, state-based Marketplaces, Medicaid, CHIP, and Basic Health Programs. For example, real-time capabilities mean the front-end application can be responsive in real time to the consumer input as well as the data received to correct data and/or reduce the need for manual follow-up. Specific examples of this efficiency could include a "prompt" to an applicant to check their social security number if it does not match the first time, allowing a consumer to correct 'fat finger' mistakes in seconds rather than go through a lengthy manual process, or requesting specific DHS documentation number follow up information about a consumer who has attested to being a lawful immigrant in a specific category. By increasing the accuracy of our verifications, we (1) avoid improper payments being made to individuals who are ineligible; and (2) reduce the additional time spent by staff at the aforementioned agencies in addressing what appear to be data inconsistencies. Finally, we believe this computer matching program deters fraud and abuse on applications for state health subsidy programs, further avoiding future improper payments. We do not currently have reliable data to quantify these avoided improper payments. As the program matures, we anticipate having data that likely could be used to calculate an approximation of the increased accuracy of online verifications. The Office of Financial Management-led improper payment rate methodology for the Marketplace may be one source of this valuable information.

  We are exploring the possibility of leveraging the computer matching program for use in eligibility determinations for other public benefit programs. If we were to expand

the program, we anticipate even more benefits for consumers and the agencies that support such consumer programs.

- *Justice Agencies:* We assume that by enabling the FFM and Administering Entities to identify individuals who are ineligible for enrollment in Medicaid, CHIP and Basic Health Programs, or receipt of APTC or CSRs earlier than if a paper-based system was used, the matching program reduces the number and amount of cases referred to the Departments of Justice. At this time we do not have enough information to quantify these benefits.
- *To the General Public:* We believe that the use of a centralized, streamlined, electronic computer matching program increases the general public's confidence in state health subsidy programs, given a manual process would be laughable given present-day electronic capabilities and the pervasiveness of electronic, real-time processes.

To Clients: Data from the computer matching program are used to determine the amount of APTC for which an individual is eligible. Consumers who receive APTC must file an income tax return to reconcile the amount of APTC (based on projected household income) with the final premium tax credit for which the individual is eligible (based on actual household income). Some consumers, particularly those with liquidity constraints, may have trouble repaying improperly paid APTC. The benefit of avoiding improper payments of APTC to these consumers is not quantifiable.

Additional benefits from the matching program to clients are also not quantifiable. By building public confidence in the state health subsidy programs, the computer matching program decreases the stigma of participating in a state health subsidy program.

Key Element 4: Recovery of Improper Payments and Debts

Data from the matching program is not currently used to identify and recover improper payments. Annual reconciliation and recovery of improper payments is ultimately performed by the IRS through a process that is also independent from CMS's eligibility activities, including this computer matching agreement. Because data matches under this computer matching program are not used for recovery of improper payments, there are no benefits to estimate in this category. While annual and monthly reporting by Marketplaces to the IRS and consumers is a way of Marketplaces providing data to support IRS's reconciliation, annual and monthly reporting is not an activity covered in the IRS-CMS CMA and therefore is outside the scope of this study. As these uses are not allowed under the CMAs being entered into at this time, there are currently no benefits to quantify in this category for agencies, clients or the general public.