

**COMPUTER MATCHING AGREEMENT
BETWEEN
THE DEPARTMENT OF THE TREASURY,
THE INTERNAL REVENUE SERVICE
AND
THE SOCIAL SECURITY ADMINISTRATION**

**Prescription Drug Subsidy Program
IRS Project 692
SSA Match #1305**

EXPIRES: November 10, 2016

I. PURPOSE AND LEGAL AUTHORITY

A. Purpose

This computer matching agreement sets forth the terms, conditions, and safeguards under which the Internal Revenue Service (IRS) will disclose to the Social Security Administration (SSA) certain return information for the purpose of verifying eligibility or the correct subsidy percentage of benefits provided under section 1860D-14 of the Social Security Act (Act). (42 U.S.C. § 1395w-114).

This matching agreement between IRS and SSA is executed under the Privacy Act of 1974, (5 U.S.C. § 552a), as amended by the Computer Matching and Privacy Protection Act of 1988, and the regulations and guidance promulgated thereunder.

B. Legal Authority

Internal Revenue Code (IRC) section 6103(1)(7) authorizes IRS to disclose return information with respect to unearned income to Federal, state, and local agencies administering certain benefit programs under the Act.

Section 1860D-14 of the Act requires the Commissioner of Social Security to determine the eligibility of applicants for the prescription drug subsidy who self-certify their income, resources, and family size. Pursuant to section 1860D-14(a)(3) of the Act (42 U.S.C. § 1395w-114(a)(3)), SSA must determine whether a Social Security Part D eligible individual is a subsidy-eligible individual, and whether the individual is an individual as described in section 1860D-14(a).

II. JUSTIFICATION AND ANTICIPATED RESULTS

A. Justification

Computer matching is the most feasible and cost effective method of getting this information, which is needed to ensure accurate determinations of eligibility for Medicare Part D Subsidy. Without data exchange, SSA would have to manually

verify income with the source of the income. A manual verification process would be significantly more prone to error and costly to administer.

B. Anticipated Results

1. IRS does not derive any benefit, direct or indirect, from this matching program, nor does IRS incur any unreimbursed costs associated with this program.
2. The benefit of conducting this matching operation is the increased assurance that a correct subsidy determination is made while reducing the level of effort SSA field offices expend to manually verify all income and resource information pertaining to eligibility for this Medicare Part D subsidy. Manual verifications with the source of the income are avoided when alleged income is verified through data exchanges. The total (estimated) number of verifications avoided for this match for the period October 2012 through September 2013 was 89,315. This avoidance resulted in an estimated savings of \$2,557,231. SSA estimates the cost of matching with IRS in fiscal year 2013 was \$146,395. The benefit-to-cost ratio for this matching operation is 17.47:1.

III. RESPONSIBILITIES OF THE PARTIES; RECORDS DESCRIPTION

A. SSA Responsibilities:

When beneficiaries apply for the Medicare prescription drug subsidy under section 1860D-14 of the Act, they must self-certify on the application form the applicant's income, resources, and family size. SSA will verify each applicant's self-certification information before making a subsidy determination.

When Medicare beneficiaries apply for the subsidy, and SSA cannot otherwise verify the income information provided on an application, SSA discloses to IRS the applicant's name and Social Security number (SSN). On a weekly basis, SSA provides IRS with such identifying information for applicants for benefits available under the prescription drug subsidy program. SSA electronically transmits the records to IRS.

Once each year, SSA electronically transmits the identifying information of each current subsidy recipient to IRS. SSA must notify IRS of its intent to request this annual extract at least 30 days prior to transmitting the file.

B. IRS Responsibilities:

On a weekly basis, IRS extracts return information with respect to unearned income from the Information Returns Master File (IRMF) using the same extract process as the Disclosure of Information to Federal, State, and Local Agencies (DIFSLA) program. IRS extracts unearned income data pertaining to the most recent tax year for which such data is available in electronic format. When each new tax year data becomes available in electronic format, IRS provides the most recent data in response to the weekly SSA request. IRS transmits the records electronically to SSA.

Once each year at the request of SSA, IRS extracts return information with respect to unearned income pertaining to current subsidy recipients from the IRMF using the same extract process as the DIFSLA program. IRS provides the response records electronically to SSA.

C. Systems of Records

1. SSA provides IRS with identifying information with respect to applicants for, and recipients of, the prescription drug subsidy from the existing Medicare Database (MDB File) system of records, SSA/ORSIS 60-0321 published at 71 FR 42159 (July 25, 2006). Unearned income information provided by IRS is maintained in the MDB File (Attachment A).
2. IRS extracts return information with respect to unearned income from the IRMF, Treasury/IRS 22.061, as published at 77 FR 47946 (August 10, 2012) (Attachment B).

D. Number of Records

1. From October 1, 2012, through September 30, 2013, with respect to *new* applicants for the subsidy, SSA submitted an average of 24,544 records each week, excluding the single annual request. This resulted in approximately 1,251,755 records per fiscal year for the weekly requests.

In fiscal year (FY) 2013 with respect to *current* subsidy recipients, SSA submitted approximately 1.6 million records for the single *annual* request.

SSA expects the number of requests to remain similar to the FY 2013 numbers through the duration of this agreement. SSA will advise IRS if there is a significant change.

2. IRS provides a response record for each individual identified by SSA. The total number of records is equal to or greater than the number of records submitted by SSA. In some instances, the individual has more than one record on file.

E. Specified Data Elements

1. SSA furnishes IRS with the SSN and Name Control (first four characters of the surname) for each individual for whom unearned income information is requested.
2. When there is a match of individual identifier, IRS discloses to SSA:
 - a. Payee Account Number,
 - b. Payee Name and Mailing Address,
 - c. Payee Taxpayer Identification Number (TIN),
 - d. Payer Name and Address,
 - e. Payer TIN, and

f. Income Type and Amount.

F. Starting and Completion Dates

This extract program is run weekly in accordance with schedules set by IRS. SSA will deliver the request for information by 5:00 p.m. each Friday; IRS will respond by 5:00 p.m. the Wednesday twelve days later. The annual extract pertaining to current subsidy recipients will be run in July or August.

IV. NOTICE PROCEDURES

A. SSA will publish notice of the match, as required by 5 U.S.C. § 552a(e)(12) in the Federal Register (Attachment C).

B. SSA will provide direct notice in writing to applicants at the time of application, and to all current recipients periodically, that their records will be matched against those of other agencies to verify their eligibility or benefit amount.

V. VERIFICATION AND OPPORTUNITY TO CONTEST

A. Verification of Match Information

SSA will take the appropriate steps to verify independently all unearned income information received from IRS to determine the validity or applicability of the information obtained through this matching program prior to termination, denial, or reduction of any subsidy.

B. Notice and Opportunity to Contest

1. When SSA makes a subsidy determination unfavorable to an applicant or recipient, SSA will notify that individual and provide an opportunity to explain the circumstances prior to making a final eligibility determination or an adjustment to the current subsidy.
2. Before making an unfavorable decision on a subsidy application or a determination based on the information received from the match, SSA provides a written, pre-decisional notice (for initial low-income subsidy application) or notice of planned action (for redeterminations) to each individual for whom SSA decides such adverse action is necessary. The notice informs the individual of the match findings and provides the following information:
 - a. that SSA received information that indicates the proposed adverse action is necessary; and;
 - b. that the individual has a specified number of days (at least 10) from the date of the notice to contest the proposed adverse action or SSA will conclude that the data upon which the decision is based is correct and will make necessary subsidy adjustments.

VI. DISPOSITION OF MATCHED ITEMS

A. SSA will:

1. Not create a separate system or file of records consisting of information concerning only those individuals who are involved in this specific matching program, except as necessary in controlling or verifying the information for purposes of this program; and
2. Destroy the matching file generated through this matching operation as soon as the information has served the matching program purpose and all legal retention requirements established in conjunction with the National Archives and Records Administration (NARA) under applicable procedures have been met.

B. IRS will:

Retain SSA's weekly electronic request file for approximately 30 days and SSA's annual electronic request file for approximately 90 days. Thereafter, IRS will erase the file. SSA's request files are not incorporated into IRS recordkeeping, are not used by IRS for any purpose other than this matching program, and are not considered IRS agency records.

VII. SAFEGUARDS REQUIREMENTS

A. SSA will give IRS information the same protection as information protected by IRS systems of records under the Privacy Act of 1974, as amended.

B. IRS and SSA will:

1. Comply with OMB loss reporting guidelines per OMB M-06-19 (July 12, 2006) and safeguarding and breach requirements per OMB M-07-16 (May 22, 2007). In the event of an incident involving the loss or potential loss of PII, the agency experiencing the event is responsible for following its established procedures, including notification to the proper organizations (i.e., 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. If the agency analysis indicates that an individual notice is appropriate, the agency that had the incident will be the one to provide such notice. SSA must report incidents of suspected unauthorized inspections or disclosures of return information to the Treasury Inspector General for Tax Administration and the IRS Office of Safeguards.
2. Comply with Section 3544(a)(1)(A)(ii) of FISMA, which requires agencies and their contractors to ensure their computer systems are FISMA compliant. In this regard, NIST standards and guidance must be implemented and adhered to by IRS and SSA's contractor(s).

C. SSA will:

1. Comply with the requirements of IRC § 6103(p)(4). These requirements are defined in IRS Publication 1075 and are the standards utilized by the IRS Office of Safeguards when conducting on-site reviews. If an agency cannot meet specific requirements due to program or technology limitations, the IRS Office of Safeguards will review alternative solutions and compensating controls, both proposed and implemented, to ensure adequate compliance with IRC § 6103(p)(4) is achieved.
2. Allow IRS to conduct periodic safeguard reviews involving physical inspections of facilities where return information that SSA receives from IRS under a matching program is maintained as well as automated and manual testing of computer systems where return information that SSA receives from IRS under a matching program is maintained, to include contractor facilities and computer systems, to ensure IRS safeguarding requirements are met and will permit the IRS access to such facilities and computer systems as needed to review SSA and contractor compliance with the IRC § 6103(p)(4) requirements.
3. At least one hundred eighty (180) days before IRS conducts a safeguard review of the SSA, the IRS will send a notification and request for information required for review plan development. Within thirty (30) days of receipt of the IRS request for information, SSA will provide a response and be prepared to participate in a preliminary security evaluation meeting to review the response for clarity. At least sixty (60) days before IRS conducts a safeguard review of the SSA, the IRS will submit a preliminary safeguard review plan, including the anticipated expenses of the review. Within thirty (30) days of receipt of the IRS preliminary safeguard review plan, SSA will notify IRS in writing of any concerns regarding the reasonableness of the review plan and anticipated expenses, and the parties will meet within five (5) business days to reach a mutual resolution.

SSA will review the preliminary plan with the understanding that subsequent facts and circumstances may require the IRS to expand from the preliminary plan to meet the due diligence requirements of the review. IRS will advise SSA of any such changes to the review plan in writing at the earliest opportunity.

VIII. RECORDS USAGE, DUPLICATION, AND DISCLOSURE RESTRICTIONS

SSA agrees to the following limitations on access to, and use and disclosure of return information provided by IRS:

- A. Officers and employees of SSA may use the return information provided by IRS only for the purposes of, and to the extent necessary in, establishing the appropriate amount of any premium subsidy adjustment under section 1839(i) of the Act. SSA may not use the information in any manner or for any purpose not consistent with that authorized under IRC § 6103(l)(7). Any secondary use is specifically prohibited and may subject offending officials to the imposition of civil/criminal penalties.

- B. SSA shall not disclose to any person, in any manner, return information received pursuant to this agreement, except as necessary to determine eligibility for, or the correct amount of, benefits under the program specified in this agreement.
- C. IRC § 6103(a) prohibits disclosure of return information except as authorized in the Internal Revenue Code. IRC § 6103(l)(7) does not authorize recipient agencies to disclose return information obtained under this matching program to any contractor, Native American tribal governments, nor to another federal or state agency for any purpose.
- D. SSA will restrict access to return information solely to its officers and employees whose duties require access for the purposes for which the return information was disclosed to SSA. IRC § 6103(l)(7) does not authorize SSA to disclose returns or return information in a forum open to the public, such as a hearing before an Administrative Law Judge (ALJ) or a judicial proceeding.
- E. Officers and employees of SSA who are entitled to access return information provided under this agreement must not access it except to the extent necessary to achieve the purpose of the match. They must not disclose this information to any other officer or employee within the agency whose official duties do not require this information to determine eligibility or the correct subsidy percentage for the program specified in this agreement.
- F. Officers or employees of SSA who inspect or disclose return information obtained pursuant to this agreement in a manner or for a purpose not authorized by IRC § 6103(l)(7) are subject to the criminal penalty provisions of IRC §§ 7213 and 7213A, and of 18 U.S.C. § 1030(a)(2). In addition, SSA could be required to defend a civil damages action under IRC § 7431.
- G. Incidents of suspected unauthorized inspections or disclosures of return information must be reported to the Treasury Inspector General for Tax Administration and the IRS Office of Safeguards within 24 hours of discovery.

IX. ACCURACY ASSESSMENTS

- A. IRS will initially validate all SSNs and Name Controls provided by SSA against the National Account Profile (NAP)-DM 1 file prior to matching the records against the IRMF. The correctness of IRS return information provided to SSA is generally contingent upon the correctness of the information provided by the payer of the income.
- B. SSA estimates that at least 99 percent of the name and SSN information in the Medicare Database File is accurate.

X. ACCESS BY THE COMPTROLLER GENERAL

Consistent with IRC § 6103(i)(8), the Government Accountability Office (Comptroller General) has access to all IRS and SSA records, as necessary, in order to monitor and verify compliance with this agreement.

XI. REIMBURSEMENT

A. All work done by IRS for SSA under this agreement will be performed on a cost reimbursable basis. IRS will recover all reasonable direct and indirect costs, including overhead, associated with performing services for SSA under this agreement. Pursuant to IRC §6103(p)(2)(B), IRS may prescribe a reasonable fee for furnishing return information.

Cost estimates will be prepared on an annual basis. The cost estimates for these activities will be detailed on an executed Form 429. The terms and conditions of reimbursement will remain in effect for the fiscal year unless those terms are modified by an amended Form 429. The IRS administers the computer matching program for the benefit of the agencies that participate in it. Accordingly, the IRS expects to recover 100 percent of the costs it incurs to administer this program. In the unlikely event actions by one or more Agencies significantly alter the total cost incurred by the IRS or the calculation of the Agencies' pro rata share of program costs, the IRS may need to adjust the computation of annual costs. If this occurs, your agency will be notified.

Costs associated with this program are primarily related to the actions by IRS required to make the data sharing program available to the SSA for the performance of the computer matching. These costs include personnel in place to administer the program, setup and testing of the matching system by Information Technology personnel, and the Safeguards program and personnel necessary to ensure protection of the associated Federal tax information.

Billing will be at least quarterly, and may be monthly during the last quarter of the fiscal year. Actual costs may be higher or lower than the estimate. Both agencies must sign Forms 7600A and 7600B Interagency Agreement and Form 429, Interagency Agreement Data Sheet, prior to the initiation of any services under this agreement. IRS' authority to incur obligations through the performance of services under this agreement and SSA's authority to reimburse IRS under this agreement shall not exceed the amounts specified in Forms 7600A and 7600B and Form 429. Amended Forms 7600A and 7600B and Form-429 will also be required if it becomes apparent that original cost estimates will be exceeded.

B. Reimbursement by SSA:

SSA may incur costs under this agreement on a Federal fiscal year basis only. Since this agreement spans multiple fiscal years, SSA will prepare a new Form 429 at the beginning of each succeeding fiscal year that this agreement remains in effect. SSA's ability to incur costs for fiscal years beyond FY 2015 is subject to the availability of

funds. If funds are not available for reimbursement, IRS is not required to perform this match.

XII. DURATION OF AGREEMENT

A. Matching Agreement

The life of this agreement is expected to cover the 18-month period May 11, 2015, through November 10, 2016. However, the effective date of this agreement and the date when the match may begin shall be at the expiration of the 30-day public comment period following SSA's publication of notice of this matching program in the Federal Register, or the 40-day OMB review period provided for in Circular A-130, whichever date is latest.

90 days prior to the expiration of this agreement, the parties to this agreement may request a 12-month extension in accordance with 5 U.S.C. § 552a(o). If either agency does not want to extend this agreement, the agency should notify the partnering agency at least 90 days prior to the expiration of this agreement. This agreement may be modified at any time by a written modification to this agreement that satisfies both parties and is approved by the DIB of each agency.

B. Reimbursable Agreement

Forms 7600A and 7600B span one Federal fiscal year only (October 1 of one calendar year through September 30 of the following calendar year). New Forms 7600A and 7600B are required for each fiscal year.

XIII. PERSONS TO CONTACT

Agencies must promptly provide any change of the information pertaining to any contact, in writing, to the contacts of the other agency.

A. The IRS contacts are:

1. Project Coordinator

Klaudia K. Villegas, Reimbursable Program Analyst
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Office of Data Services
Mail Stop 1020
300 North Los Angeles Street
Los Angeles, California 90012- 3308
Telephone: (213) 576-4223/Fax: (855)207-0455
Email: Klaudia.K.Villegas@irs.gov

2. Safeguards and Record Keeping

Gregory T. Ricketts, Associate Director
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Office of Safeguards
5333 Getwell Road
Memphis, TN 38118
Telephone: (901) 546-3078
Email: Gregory.T.Ricketts@irs.gov

B. The SSA contacts are:

3. Matching Program

Norma J. Followell, Senior Government Information Specialist
Electronic Interchange and Liaison Division
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617 Altmeyer
Baltimore, MD 21235-6401
Phone: (410) 965-0806
Fax: (410) 594-0115
Email: Norma.Followell@ssa.gov

4. Systems Operations

Melanie Burns, Acting Director
Division of Medicare Processing and Title 2 Support
Office of Retirement & Survivor Insurance Systems
Office of the Deputy Commissioner for Systems
4-B-24 Robert M. Ball Building
Social Security Administration
6401 Security Boulevard, 4700 Robert M. Ball Building
Baltimore, MD 21235
Phone: (410) 966-0444
Fax: (410) 597-1384
Email: Melanie.Burns@ssa.gov

5. Program and Policy

Craig Streett
Team Leader
Medicare Team
Office of Enumeration & Medicare Policy
Office of Income Security Programs
Social Security Administration
6401 Security Boulevard, 2-R-24 Robert M. Ball Building

Baltimore, MD 21235
Phone: (410) 965-9793
Fax: (410) 966-5366
Email: Craig.Streett@ssa.gov

6. Project Coordinator

Andrea Warren, Program Analyst
Office of Data Exchange
Office of Data Exchange and Policy Publications
Social Security Administration
6401 Security Boulevard, 3610 Annex Building
Baltimore, MD 21235
Phone: (410) 966-5642
Email: Andrea.Warren@ssa.gov

7. Reimbursement Information

Mike Higgins
Office of Finance
Office of Financial Policy and Operations
Social Security Administration
6401 Security Boulevard, 2-K-5 ELR
Baltimore, MD 21235
Phone: (410) 965-0545
Fax: (410) 597-0810
Email: Mike.Higgins@ssa.gov

XIV. AUTHORIZED OFFICIALS

A. The SSA official with authority to request information under this agreement on behalf of SSA is:

Kirsten J. Moncada
Executive Director
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617 Altmeyer
Baltimore, MD 21235
Phone: (410) 965-0205
Email: Kirsten.Moncada@ssa.gov

B. The IRS official with authority to disclose, or authorize the disclosure of, return information under this agreement on behalf of IRS is:

Edward T. Killen, Director
Office of Governmental Liaison, Disclosure and Safeguards

OS:PGLD:GLDS
401 West Peachtree Street
Atlanta, GA 30308-3510
Phone: (404) 338-8948
Email: Edward.T.Killen@irs.gov

XV. LIMITATIONS

The terms of this agreement are not intended to alter, amend, or rescind any current agreement or provision of Federal law now in effect. Any provision of this agreement that conflicts with Federal law is null and void.

XVI. LIABILITY

- A. Each party to this agreement will be liable for acts and omissions of its own employees.
- B. Neither party will 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 will 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.

XVII. CONTINGENCY CLAUSE

This agreement is contingent on SSA meeting the Federal Safeguard requirements specified in section VII of this agreement. Matches with SSA under this agreement may be immediately discontinued if IRS determines that SSA has failed to meet the Federal Safeguard requirements or any other Privacy Act requirements. Treasury regulations (26 CFR § 301.6103(p)(7)-1) provide for an administrative review of any determination of noncompliance with IRC § 6103(p)(4).

XVIII. REPORT TO CONGRESS

When this agreement is approved by the Social Security Administration Data Integrity Board and by the Treasury Data Integrity Board, SSA will submit a report of the match to Congress and the OMB for review, and will provide a copy of such notification to IRS.

XIX. SIGNATURES

The signatories below warrant and represent that they have the competent authority on behalf of their respective agencies to enter into the obligations set forth in this agreement. Each party executing this agreement is authorized to enter into agreements of this nature on behalf of their agency.

Social Security Administration

By: Mary Ann Zimmerman Date: February 13, 2015
Mary Ann Zimmerman
Acting Deputy Executive Director
Office of Privacy and Disclosure
Office of the General Counsel

I certify that the SSA Data Integrity Board approved this agreement:

By: Kirsten J. Moncada Date: 2.4.2015
Kirsten J. Moncada, Chair
Data Integrity Board
Social Security Administration

Internal Revenue Service

By: NTMKB Date: _____
Digitally signed by NTMKB
DN: cn=NTMKB,
email=Edward.T.Killen@irs.gov
Date: 2015.02.10 17:46:37 -05'00'
Edward T. Killen, Internal Revenue Service
Director, Governmental Liaison, Disclosure and Safeguards

The Treasury Data Integrity Board reviewed this matching agreement and finds it in compliance with relevant statutes, regulations, and guidelines. We, therefore, approve the conduct of the aforementioned matching program.

I certify that the Treasury Data Integrity Board approved this agreement:

By: Helen Goff Foster Date: _____
Digitally signed by Helen g.
Foster
Date: 2015.03.30 15:59:44
-04'00'
Helen Goff Foster
Chairperson, Treasury DIB
Deputy Assistant Secretary for Privacy, Transparency, and Records

XX. EFFECTIVE DATE

This agreement is effective on the ____ day of _____

It expires on the ____ day of _____

Attachments:

- A. SSA System of Records Notice 60-0321
- B. IRS System of Records Notice, Treasury/IRS 22.061
- C. Federal Register Notice
- D. Cost Benefit Analysis