

COMPUTER MATCHING AGREEMENT

BETWEEN

**THE DEPARTMENT OF THE TREASURY/
THE INTERNAL REVENUE SERVICE**

AND

THE SOCIAL SECURITY ADMINISTRATION

**Income-Related Adjustments to Medicare Premiums
SSA Match #1310 IRS Project #693**

**Effective: April 1, 2018
Expires: September 30, 2019**

I. Purpose, Legal Authority, and Definitions

A. Purpose

This agreement between the Internal Revenue Service (IRS) and the Social Security Administration (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 Office of Management and Budget (OMB) guidance interpreting those statutes.

The premiums for Medicare medical insurance (Part B) and Medicare prescription drug coverage (Part D) are federally subsidized. Federal premium subsidy is the portion of the full cost of providing Medicare Part B coverage paid by the Federal Government through transfers into the Federal Supplementary Medical Insurance Trust Fund or the true cost of Part D based on the national average base premium, as determined by the Centers for Medicare & Medicaid Services (CMS), transferred into the Prescription Drug Coverage Account of the Federal Supplementary Medical Insurance Trust Fund. SSA determines the premium subsidy adjustment amount, which increases the monthly premium amount(s) payable by beneficiaries whose modified adjusted gross income (MAGI) exceeds the applicable threshold established in section 1839(i) of the Social Security Act (Act) (42 U.S.C. § 1395r(i)).

Medicare beneficiaries enroll in Medicare Part B and subsequently become entitled. Most beneficiaries described in sections 226 and 226A of the Act (42 U.S.C. §§ 426 and 426-1) become entitled to Part A (hospital insurance) and are automatically enrolled in Part B, but are given the opportunity to disenroll from Medicare Part B. Beneficiaries who disenroll from Medicare Part B may later choose to enroll during a general enrollment period or a special enrollment period. The enrollment periods for Medicare are further defined in section 1837 of the Act (42 U.S.C. § 1395p).

Participation in Part D is voluntary. Under the provisions described in section 1860D-1 of the Act (42 U.S.C. § 1395w-101), Medicare beneficiaries entitled to Medicare Part A, Part B, or both, may enroll with a Medicare-approved private sponsor during a prescribed enrollment period to obtain assistance with the purchase of covered medication. Medicare Part D provides for discounted beneficiary costs for prescription drugs, but beneficiaries usually must pay certain premiums, deductibles, and copayments. Medicare Part D beneficiaries enroll into or disenroll from Part D through the sponsor.

This agreement sets forth the terms under which IRS will disclose to SSA certain return information for the purpose of establishing the correct amount of Medicare Part B premium subsidy adjustments and Medicare Part D premium increases under sections 1839(i) and 1860D-13(a)(7) of the Act (42 U.S.C. §§ 1395r(i) and 1395w-113(a)(7)), as enacted by section 811 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA; Pub. L. No. 108-173) and section 3308 of the Affordable Care Act of 2010 (Pub. L. No. 111-148).

B. Legal Authority

Section 6103(1)(20) of the Internal Revenue Code (IRC) (IRC § 6103(1)(20)) authorizes IRS to disclose specified return information to SSA with respect to taxpayers whose Part B and/or prescription drug coverage insurance premium(s) may (according to IRS records) be subject to premium subsidy adjustment pursuant to section 1839(i) or premium increase pursuant to section 1860D-13(a)(7) of the Act for the purpose of establishing the amount of any such adjustment or increase or for resolving taxpayer appeals with respect to such adjustment or increase. The return information IRS will disclose, as specified in Article III, subsection F, of this agreement, includes adjusted gross income and specified tax-exempt income, collectively referred to in this agreement as MAGI. This return information will be used by officers, employees, and contractors of SSA to establish the appropriate amount of any such adjustment or increase and to defend appeals with respect to such adjustment or increase.

Sections 1839(i) and 1860D-13(a)(7) of the Act (42 U.S.C. §§ 1395r(i) and 1395w-113(a)(7)) require the Commissioner of SSA to determine the amount of a beneficiary's premium subsidy adjustment, or premium increase, if the MAGI is above the applicable threshold as established in section 1839(i) of the Act (42 U.S.C. § 1395r(i)).

C. Definitions

1. "Premium adjustment" is used throughout this document to refer collectively to the Part B premium subsidy adjustment and the Part D prescription drug premium increase under sections 1839(i) and 1860D-13(a)(7) of the Act, respectively.
2. "Premium year" means the calendar year for which SSA makes an income-related monthly adjustment amount determination.

3. "Income-related monthly adjustment amount" (IRMAA) is an additional amount of premium that is paid by enrollees for Medicare Part B and/or Part D if their income is above the threshold amount. The IRMAA is based on MAGI.
4. "Modified adjusted gross income" (MAGI) means the adjusted gross income, as defined by the Internal Revenue Code, plus specified tax-exempt income.
5. "Threshold amount" means a MAGI amount above which the beneficiary will have to pay an IRMAA. For 2010-2019, the threshold amounts will be \$170,000 for beneficiaries who filed their income taxes as "married filing jointly," and \$85,000 for all others.
6. "Personally identifiable information" (PII) (as defined in the Office of Management and Budget (OMB) M-17-12 (January 3, 2017) means any information that can be used to distinguish or trace an individual's identity, either alone or when combined with other information that is linked or linkable to a specific individual.
7. "Tax year" means the calendar year on which Federal individual income taxes are calculated.

II. Justification and Anticipated Results

A. Justification

The volume of requests for return information and the method in which information documents are maintained make computer matching the most feasible method of access.

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. SSA expects to derive efficiencies and cost savings and expects that Medicare beneficiaries will experience minimal burden and expedited enrollment processes. The benefit of this computer match with respect to the Medicare Part B and Part D programs are the increased assurance that SSA achieves savings to the Medicare Part B account in the Medicare Supplementary Insurance Trust Fund.

Based on fiscal year (FY) 2016 data from the Master Beneficiary Record (MBR), the total benefits for this computer matching operation are nearly \$6 billion. The estimated cost is \$357,653, with a benefit to cost ratio of 16,768 to 1. (See Attachment D).

III. Responsibilities of the Parties; Records Description

A. SSA Responsibilities

1. SSA will disclose to IRS the name and Social Security number (SSN) of beneficiaries who either are enrolled in, or have become entitled to, Medicare Part B, and Part D, or both. On a weekly basis, SSA will provide IRS with this information with respect to Medicare Part B and Part D beneficiaries who:
 - a. are enrolled in Medicare under the rules in section 1837 of the Act (42 U.S.C. § 1395p) and have not disenrolled from Medicare Part B;
 - b. have filed applications specifically for Medicare Part B;
 - c. have been determined to have retroactive Medicare Part B entitlement; or
 - d. have been provided to SSA as enrolled in Part D by CMS.

Hereinafter, the beneficiaries described above will be referred to as “enrollees.”

2. As part of the weekly transmission, SSA will include the name, SSN, premium year, and income threshold amounts for new enrollees. Once each year, on a date in October agreed to at the time between IRS and SSA, SSA will provide the name, SSN, premium year, and income threshold amounts for all enrollees. SSA will use information obtained in this annual request to determine Part B and Part D adjustments for the coming premium year. At the time of the agreed upon annual exchange, SSA will include the name, SSN, premium year, income threshold amounts, and requested tax year with respect to all enrollees who asked SSA to use a more recent tax year or for enrollees for whom IRS provided three year old return information on the initial request. SSA will use the information obtained to correct Part B and Part D adjustment amounts for the requested premium year.
3. SSA will transmit the records to IRS electronically.

B. IRS Responsibilities

1. On a weekly basis, IRS will extract MAGI data pertaining to the enrollees from the Return Transaction File (RTF). IRS will extract MAGI data pertaining to the tax year beginning in the second calendar year preceding the year for which the premium adjustment is being calculated (the premium year). When MAGI data for the second tax year preceding the premium year is not available as of October 16 of the year immediately preceding the premium year, MAGI data pertaining to the third tax year preceding the premium year will be provided to SSA.
2. For the annual request, IRS will extract MAGI data as described above and provide the responsive records to SSA. For requests seeking more recent tax year data, IRS will extract MAGI data of the requested year, and provide the information to SSA.
3. IRS will transmit the records to SSA electronically.

C. Systems of Records

1. SSA will provide IRS with identifying information with respect to enrollees from the Master Beneficiary Record system of records (SOR), 60-0090, last fully published at 71 Federal Register (Fed. Reg.) 1826 (January 11, 2006), and amended at 72 Fed. Reg. 69723 (December 10, 2007) and at 78 Fed. Reg. 40542 (July 5, 2013) (Attachment A). SSA will maintain the MAGI data provided by IRS in the SOR "Medicare Part D and Part D Subsidy File," 60-0321, originally published at 69 Fed. Reg. 77816 (December 28, 2004), and revised at 71 Fed. Reg. 42159 (July 25, 2006) and 74 Fed. Reg. 51940 (October 8, 2009) (Attachment B).
2. IRS will extract MAGI data from the RTF, which is part of the Customer Account Data Engine (CADE) Individual Master File, Treasury/IRS 24.030, published at 80 Fed. Reg. 54063 (September 8, 2015) (Attachment C).

D. Routine Use Publication

1. SSA's routine use for disclosures to IRS for this match is published at 71 Fed. Reg. 1826 (January 11, 2006).
2. IRS's routine use for disclosures to SSA pursuant to IRC § 6103(l)(20) is published at 8077 Fed. Reg. 54063 (September 8, 2015).

E. Number of Records

1. SSA sends IRS 51 weekly IRMAA Part B and/or Part D exchange requests per year. In addition, one week in October, SSA sends a combined weekly and annual IRMAA request that includes Part B and/or Part D enrollees.
 - a. The weekly average for FY 2017 IRMAA Part B excluding the annual exchange was approximately 67,081 records.
 - b. In October 2016 (FY 2017), SSA's separate annual IRMMA Part B and/or Part D request was 40,997,935 records.
 - c. The FY 2017 IRMMA exchange with IRS and the annual exchange in October 2016 include 52 weekly exchanges totaling an estimated 44,378,794 enrollees. This number includes both IRMAA Part B and the approximately 5,128 Part D enrollees who are not enrolled in Part B.
2. IRS will provide a response record for each enrollee identified by SSA.

F. Specified Data Elements

1. SSA will furnish IRS with the SSN, name, premium year, and income threshold for each enrollee for whom SSA requests MAGI data. If the enrollee has asked SSA to

use a more recent tax year than the usual, SSA will also furnish IRS with an indicator and tax year.

2. When there is a match of enrollee identifiers, and the MAGI data shows income above the applicable threshold established pursuant to section 1839(i) of the Act, IRS will disclose to SSA the enrollee's:
 - a. adjusted Gross Income dollar amount,
 - b. tax-exempt income dollar amount,
 - c. tax year involved, and
 - d. filing status.

G. Starting and Completion Dates

The computer matching program under this agreement will be run weekly beginning April 1, 2018 through September 30, 2019, in accordance with schedules set by the IRS. SSA will deliver the request for information by 5:00 p.m. each Thursday; IRS will respond by 5:00 p.m. the following Wednesday. The annual extract pertaining to current Part B and Part D Medicare enrollees will run in October, on a date agreed to at the time by IRS and SSA.

IV. Notice Procedures

- A. SSA will publish notice of the matching program in the Federal Register as required by the Privacy Act (5 U.S.C. § 552a(e)(12)). Upon publication of this notice, a copy will be attached to this agreement as Attachment E.
- B. SSA will provide direct notice, in writing, that IRMAA may apply to those who participate in Part B, or Part D, or both.

V. Verification and Opportunity to Contest

- A. When SSA makes an initial determination that a Part B or Part D premium should be adjusted, pursuant to the Privacy Act (5 U.S.C. § 552a(o)(1)(D)), SSA will notify each enrollee of the match findings and provide the following information:
 1. that SSA has received information that indicates that the proposed action is necessary; and
 2. that the enrollee has a specified number of days (at least 10) from the date of the notice to contest the proposed action to adjust the premium amounts or SSA will conclude that the data upon which that decision is based are correct and will make necessary adjustments.

Notice(s) will be sent to an enrollee's representative payee when authorized.

- B. SSA will independently verify the return information in accordance with the above procedures.

- C. If the enrollee asserts that IRS information is incorrect or the amount(s) of premium adjustments(s) is incorrect, SSA will provide a process compliant with the Privacy Act (5 U.S.C. § 552a(p)), as described in regulations at 20 C.F.R. §§ 418.1135 and 418.1140, permitting the enrollee to provide new evidence obtained from IRS and request that SSA take corrective action.

VI. Disposition of Matched Items

A. SSA will:

1. Not create a separate file or system of records consisting of information concerning only those individuals who are involved in this specific matching program, except as necessary to control or verify 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 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. The information provided by SSA is not used by the IRS for any purpose other than this matching program. The IRS Office of Records & Information Management has deemed this information to be of a transitory nature, or 'transitory records', specifically 'intermediate input files' as defined in General Records Schedule 5.2, Item 010. The IRS will protect transitory records in the same manner that it protects IRS records. The Input/Tickler file will be destroyed when no longer needed for business use.

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-17-12 (January 3, 2017). 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 the Federal Information Security Management Act of 2002 (FISMA), as amended by the Federal Information Security Modernization Act of 2014, 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 SSA, 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 SSA, 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 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.

4. If SSA receives a Freedom of Information Act (FOIA) request for safeguard reports required to be filed with IRS by Publication 1075, Section 7.0, SSA will consult with IRS to obtain its views on disclosure before responding to the request in accordance with the Department of Justice (DOJ) guidance. IRS will promptly provide its views on the disclosability of the contents of the records to SSA. If SSA receives a FOIA

request for a document that wholly originated from IRS or any communication from IRS that describes the security procedures that protect the return information provided under this agreement, SSA will refer the request to IRS for processing in accordance with DOJ guidance.

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, employees, and contractors 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 adjustment under sections 1839(i) and 1860D-13(a)(7) of the Act or for the purpose of resolving taxpayer appeals with respect to any such premium adjustment or increase. SSA may not use the information in any manner or for any purpose not consistent with that authorized under IRC § 6103(1)(20). Any secondary use is specifically prohibited and may subject offending officers, employees, or contractors to the imposition of civil or criminal penalties, or both.
- B. SSA shall not disclose to any person in any manner, return information received pursuant to this agreement, except as necessary to determine the applicable premium adjustment(s) under the programs specified in this agreement or for the purpose of resolving taxpayer appeals with respect to any such premium adjustment or increase. IRS safeguarding requirements under IRC § 6103(p)(4) apply to the Office of Medicare Hearings and Appeals (OMHA) and the Departmental Appeals Board (DAB) within the Department of Health and Human Services (DHHS) and to the Department of Justice (DOJ) as recipients of return information disclosed by SSA under IRC § 6103(1)(20) and this agreement.
- C. Disclosures to DHHS/OMHA, DHHS/DAB, or DOJ will take place unless the Director of the IRS Office of Safeguards has confirmed that each agency has not established adequate safeguard procedures and has advised SSA of any agency's non-compliance.
- D. SSA will suspend disclosures to DHHS/OMHA, DHHS/DAB, or DOJ upon receipt of notification from the Director of the IRS Office of Safeguards that DHHS/OMHA, DHHS/DAB, or DOJ is not in compliance with safeguards requirements. The notice will contain an initial estimated period of time for which SSA must suspend disclosures to the noncompliant agency.
- E. Pursuant to regulations at 26 C.F.R. § 301.6103(p)(7)-1, SSA will permanently discontinue disclosures to DHHS/OMHA, DHHS/DAB, or DOJ only upon receipt of notification from the Commissioner or a Deputy Commissioner of the IRS. Further, SSA will immediately advise IRS of any information reasonably indicating that one of these agencies is not in compliance with IRC § 6103(p)(4).

- F. SSA will provide to the IRS Office of Safeguards contact information for DHHS/OMHA, DHHS/DAB, and DOJ, and will promptly advise that office of any changes in such contact information.
- G. SSA will restrict access to return information solely to its officers, employees, and contractors of SSA whose duties require access for the purposes for which the return information is disclosed to SSA.
- H. Officers, employees, and contractors of SSA who are entitled to access return information provided under this agreement must not access this information except to the extent necessary to achieve the purpose of the match. They must not disclose this information to any other officer or employee of SSA, nor to any contractor or employee of a contractor, whose official duties do not require this information to determine the applicable premium adjustment(s), if any, for the program specified in this agreement. IRC § 6103(1)(20) does not authorize SSA to disclose return information in a forum open to the public, such as a judicial proceeding, nor Native American tribal governments, or to another federal or state agency for any purpose.
- I. Officers, employees, or contractors 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(1)(20) 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 assist the DOJ in defending, or a contractor could be required to defend, a civil damages action under IRC § 7431.
- J. 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 names provided by SSA against its National Account Profile (NAP)-DMI file prior to matching the records against the RTF. The correctness of the IRS return information provided to SSA is generally contingent upon the correctness of the information on the return.
- B. SSA estimates that at least 99 percent of the name and SSN information in the Master Beneficiary Record database is accurate.

X. Access by the Government Accountability Office

Consistent with IRC § 6103(i)(8) and 5 U.S.C. § 552a(o)(1)(K), the Government Accountability Office may have access to all IRS and SSA records as necessary 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 SSA 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. An 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 2018 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 the Agreement

The effective date of this agreement is April 1, 2018, provided that SSA reported the proposal to re-establish this matching program to the Congressional committees of jurisdiction and

OMB in accordance with 5 U.S.C. § 552a(o)(2)(A) and OMB Circular A-108 (December 23, 2016), and SSA published notice of the matching program in the Federal Register in accordance with 5 U.S.C. § 552a(e)(12).

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 Data Integrity Board (DIB) of each agency.

XIII. Persons to Contact

Any change of the information pertaining to any contact must be promptly provided 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
OS: PGLD:GLD:DS
300 North Los Angeles Street
Los Angeles, CA 90012-3308
Telephone: (213) 576-4223
Fax: (855) 207-0455
Email: Klaudia.K.Villegas@irs.gov

2. Safeguards and Recordkeeping Procedures

Joyce H. Peneau, Associate Director
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Office of Safeguards
1232 Anacapa Street
Santa Barbara, CA 93101
Email: Joyce.H.Peneau@irs.gov

B. The SSA contacts are:

1. Matching Program

Talya White, Government Information Specialist
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617 Altmeyer
Baltimore, MD 21235
Telephone: (410) 965-6176
Fax: (410) 594-0115
Email: Talya.White@ssa.gov

2. Systems Operations

Sarah Mayfield-Paige, Director
Division of Title 2 and Medicare Analysis
Office of Retirement & Survivor Insurance Systems
Office of IT Programmatic Business Support
Office of the Deputy Commissioner for Systems
4700 Robert M. Ball Building
6401 Security Boulevard
Baltimore, MD 21235
Telephone: (410) 966-9917
Fax: (410) 597-1384
Email: Sarah.Mayfield-Paige@ssa.gov

Steve Harkness, Acting Director and Systems Security Contact
Division of Compliance and Assessments
Office of Information Security
Office of Systems
Social Security Administration
3829 Annex Building
6401 Security Boulevard
Baltimore, MD 21235
Telephone: (410) 966-5971
Email: Steven.Harkness@ssa.gov

3. Program and Policy

Monica Nolan
Team Leader
Medicare Team
Office of Enumeration and Medicare Policy
6401 Security Boulevard, 2-R-24 Robert M. Ball Building
Baltimore, MD 21235
Telephone: (410) 965-2075
Fax: (410) 966-5366
Email: Monica.Nolan@ssa.gov

4. Reimbursement Information

Michele Bailey, Director
Division of Reimbursable and Administrative Collections
Office of Finance
Office of Financial Policy Operations
Office of Budget, Finance and Management
Social Security Administration
6401 Security Boulevard, 2-G-1 ELR
Baltimore, MD 21235
Telephone: (410) 965-0729
Email: Michele.Bailey@ssa.gov

5. Project Coordinator

Andrea Warren
Program Analyst
Agreements and Liaisons Branch
Office of Data Exchange
Office of Data Exchange and Policy Publications
Social Security Administration
6401 Security Boulevard, 4-C-8-A Annex
Baltimore, MD 21235
Telephone: (410) 966-5642
Email: Andrea.Warren@ssa.gov

XIV. Authorized Officials

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

Mary Ann Zimmerman
Acting Executive Director
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, 617 Altmeyer
Baltimore, MD 21235
Telephone: (410) 966-02054193
Email: Mary.Ann.Zimmerman@ssa.gov

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

Phyllis T. Grimes, Director
Internal Revenue Service
Office of Governmental Liaison, Disclosure and Safeguards
1111 Constitution Avenue, NW
Washington, DC 20224
Telephone: (202) 317-4202
Email: Phyllis.T.Grimes@irs.gov

XV. Limitations

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

XVI. 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 nor 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.

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 will be suspended or discontinued immediately if, at any time, IRS determines that SSA has failed to meet the Federal Safeguard requirements or any other Privacy Act requirements. See the regulations at 26 C.F.R. § 301.6103(p)(7)-1 regarding procedures for administrative review of such a determination.

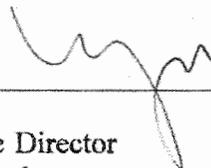
XVIII. Report to Congress

When both the SSA DIB and the Treasury DIB have approved this agreement, SSA will submit a report of the matching program to Congress and OMB for review, and will provide a copy of such notification to IRS.

Signatures of Authorized Officials

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.

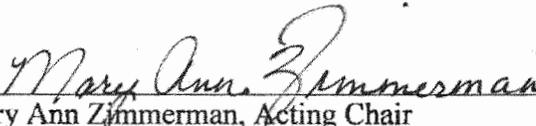
Social Security Administration

By 

Monica Chyn
Acting Deputy Executive Director
Office of Privacy and Disclosure
Office of the General Counsel

Date 11/1/17

The Social Security Administration DIB has 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.

By 

Mary Ann Zimmerman, Acting Chair
Data Integrity Board
Social Security Administration

Date 11/29/17

Department of Treasury, Internal Revenue Service

By Phyllis T. Grimes Digitally signed by Phyllis T. Grimes
DN: cn=US, o=U.S. Government, ou=Department of the
Treasury, ou=Internal Revenue Service, ou=People,
serialNumber=398223, cn=Phyllis T. Grimes
Date: 2017.11.07 12:23:10 -0500 Date _____
Phyllis T. Grimes, Internal Revenue Service
Director, Governmental Liaison, Disclosure and Safeguards

The Treasury DIB has 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.

By  Date 12/21/2017
Ryan Law Chairperson, Treasury DIB
Deputy Assistant Secretary for Privacy, Transparency, and Records

XIX. Effective Date

This agreement is effective on the _____ day of _____, 2018.

It expires on the _____ day of _____, 2019.

Attachments:

- A. SSA System of Records Notice, SSA/ORSIS 60-0090
- B. SSA System of Records Notice, SSA/ORSIS 60-0321
- C. IRS System of Records Notice, Treasury/IRS 24.030
- D. Cost Benefit Analysis (CBA) for Income-Related Adjustments to Medicare Premiums Computer Matching Operation between the Social Security Administration (SSA) and the Internal Revenue Service (IRS) (Match 1310)
- E. SSA Notice of Matching Program, published in the Federal Register

**Cost Benefit Analysis (CBA) for
Computer Matching Agreement (CMA) between
the Department of the Treasury (Treasury)/ Internal Revenue Service
(IRS) and the Social Security Administration (SSA)
for Income-Related Adjustments to Medicare Premiums (Match 1310)**

Objective

The objective of this report is to determine the cost effectiveness of the computer matching operation between SSA and IRS, which allows for reductions in Medicare Part B premium subsidies and income based premium adjustments made for Medicare Part D prescription drug coverage.

Background

The Medicare Modernization Act of 2003 changed how the Center for Medicare and Medicaid Services (CMS) calculates premium amounts for Medicare Part B and Part D for higher income beneficiaries. Historically, the government paid approximately 75 percent of the Part B premium and the beneficiary paid the remaining 25 percent. As of January 2007, CMS required beneficiaries enrolled in Medicare Part B with Modified Adjusted Gross Income (MAGI) above a set threshold to pay a higher percentage of their Part B premium costs, while Part D enrollees with higher income began paying more for their monthly prescription drug coverage premiums in January 2011. These adjustments are the Income-Related Monthly Adjustment Amount (IRMAA), also referred to as the Medicare subsidy reduction.

For this matching operation, the IRS provides SSA with the MAGI data for Medicare Part B and Part D beneficiaries, which SSA uses to determine and correct, if necessary, the accurate monthly Part B and Part D subsidies and premium amounts. The benefit of this computer match is that SSA achieves savings to the Medicare Part B and Part D accounts in the Supplementary Medical Insurance Trust Fund.

Methodology

The Master Beneficiary Record (MBR) is divided into 20 Claims Account Number (CAN) segments for processing and updating. The last two digits in the CAN determines the segment in which we find the CAN.

The Office of Systems (Systems) provided the Office of Data Exchange (ODX) with the fiscal year (FY) 2016 IRMAA Part B and Part D savings reports for two segments of the MBR. The two randomly selected segments for this CBA are segments 19 and 20.

ODX used the Systems segment reports to determine the cost-savings resulting from the amount of IRMAA reduction on the record.

Benefits

In segment 19, there are 188,000 beneficiaries with an IRMAA Part B subsidy reduction on the record, which accounts for a savings of approximately \$299,088,142. Segment 19 contains 38,833 beneficiaries with an IRMAA Part D reduction on the record, accounting for a savings of approximately \$1,264,402.

In segment 20, there are 187,919 beneficiaries with an IRMAA Part B reduction on the record for a savings of approximately \$297,978,869. Segment 20 contains 39,271 beneficiaries with an IRMAA Part D reduction on the record for a savings of approximately \$1,278,664.

The combined IRMAA Part B savings for these two segments total \$597,067,011 and the combined IRMAA Part D savings for the two segments total \$2,543,066. To project the cost savings from the sample segments to all 20 MBR segments, we multiply the sum of these two segments by ten. We estimate a total savings of **\$5,970,670,110** for Part B and of **\$25,430,660** for Part D, for a total savings of **\$5,996,100,770**.

Entitlement to Medicare Part A or Medicare Part B (or both) is a basic requirement for participation in the Medicare Part D. In FY 2016, we found an estimated 8,460 Part D beneficiaries who were not enrolled in Part B. The average Part B premium that year was \$104.90. Enrolling these 8,460 beneficiaries to Part B added approximately **\$887,454** to the Medicare Supplementary Insurance Trust Fund. We assume that these beneficiaries were eligible for free Medicare Part A coverage.

Costs

The Office of Systems reported a personnel and systems cost of **\$56,971**. The IRS performs all work for SSA under an Interagency Agreement (IAA) on a cost reimbursable basis. The estimated cost of the IAA is **\$300,682**. The total cost of this matching operation is approximately **\$357,653**.

Conclusion

Based on FY 2016 data from the MBR, the total benefits for this computer matching operation are nearly **\$6 billion**. The estimated cost is **\$357,653** with a benefit to cost ratio of **16,768 to 1**.

This matching operation is cost effective, and we recommend continuing this matching operation with IRS.

CBA for CMA between Treasury/ IRS and SSA for IRMAA Medicare Premiums (Match 1310)

Benefits and Costs:

The benefit to cost ratio equals the amount of IRMAA B and D adjustments for FY 2016 divided by the cost of the matching operation.

Benefits	
Savings Derived from IRMAA B: (Sum of Two MBR IRMAA B Segments) x 10	\$5,970,670,110
Savings Derived from IRMAA D x10	\$25,430,660
Savings from Enrolling beneficiaries x10 to Part B	\$887,454
Total Benefits of IRMAA B and D adjustment amount for FY 2016	\$5,996,988,224
Costs	
Estimated Costs for Reimbursable Services: Systems Costs (Office of Systems budget staff)	\$56,971
2016 Inter-agency Agreement Costs	\$300,682
Total Costs	\$357,653
Benefit-to-Cost Ratio	16,768:1