

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

**Medicare Part D – Low Income Subsidy Program
IRS Project 692 SSA Match #1305**

Effective Date: November 27, 2022

Expiration Date: May 26, 2024

I. 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 for the Medicare Part D Low Income Subsidy (LIS) and determining 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.

II. LEGAL AUTHORITY

Internal Revenue Code (IRC) section 6103(1)(7)(B) authorizes IRS to disclose return information with respect to unearned income to SSA to administer certain medical assistance benefit programs under IRC § 6103(1)(7)(D)(ii).

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 Medicare Part D eligible individual is a subsidy-eligible individual, and whether the individual is an individual as described in section 1860D-14(a) of the Act.

III. JUSTIFICATION AND ANTICIPATED RESULTS

A. Justification

Computer matching is the most feasible and cost-effective method of getting this information, which SSA needs to ensure accurate determinations of eligibility for LIS. Without this data exchange, SSA would have to manually verify each LIS participant's

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 SSA will make a correct LIS determination while reducing the level of effort SSA field offices expend to manually verify all income and resource information pertaining to eligibility for LIS. 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 2020 through September 2021 was 34,676. This avoidance resulted in an estimated savings of \$743,345. SSA estimates the cost of matching with IRS in fiscal year 2022 was \$272,500. The benefit-to-cost ratio for this matching operation is 2.7:1.

IV. DESCRIPTION OF MATCHED RECORDS & AGENCY RESPONSIBILITIES

A. SSA Responsibilities:

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

When beneficiaries apply for LIS, 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 LIS. SSA electronically transmits the records to IRS.

Once each year, SSA electronically transmits the identifying information of each current LIS 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, in accordance with the specifications found in Publication 3373, *Disclosure of Information to Federal, State, and Local Agencies (DIFSLA) Handbook*. 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, LIS from the existing Medicare Database (MDB File) system of records, 60-0321, last fully published on July 25, 2006 (71 Fed. Reg. 42159), as amended on December 10, 2007 (72 Fed. Reg. 69723), and November 1, 2018 (83 Fed. Reg. 54969). Unearned income information provided by IRS is maintained in the MDB File.
2. IRS extracts return information with respect to unearned income from the IRMF, Treasury/IRS 22.061, as published at 77 Fed. Reg. 47946 (August 10, 2012) as amended by 80 Fed. Reg. 54081 (September 8, 2015).

D. Number of Records

1. From October 1, 2018 through September 30, 2019, with respect to *new* applicants for LIS, SSA submitted an average of 22,406 records each week, excluding the single annual request. This resulted in approximately 1,627,555 records per fiscal year for the weekly requests (approximately 1,168,250 for the Master Beneficiary Record, and approximately 459,205 for the Supplemental Security Record).

In fiscal year (FY) 2019 with respect to *current* LIS 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 2018 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 SSA requests unearned income information.
2. When there is a match of an 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

SSA and IRS will transmit this extract program 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.

V. **NOTICE PROCEDURES**

- A. SSA will publish notice of the match, as required by 5 U.S.C. § 552a(e)(12) in the Federal Register (Fed. Reg.).
- B. SSA will provide direct notice in writing to applicants at the time of application, and to all current recipients periodically that SSA will match all records against those of other agencies to verify their eligibility or benefit amount.

VI. **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 them an opportunity to contest 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 will provide 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 thus make the necessary subsidy adjustments.

VII. 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 under applicable procedures have been met.

B. IRS will:

Retain SSA's weekly electronic request file for approximately 90 days. The information provided by SSA will not be 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.

VIII. SAFEGUARD REQUIREMENTS AND DISCLOSURE RESTRICTIONS

A. IRS and SSA will:

1. Comply with the Office of Management and Budget (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 personally identifiable information (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 (TIGTA) and IRS Safeguards.

2. Comply with Section 3544(a)(1)(A)(ii) of the Federal Information Security Modernization Act (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, the National Institute of Standards and Technology (NIST) standards and guidance must be implemented and adhered to by IRS and SSA's contractor(s).

B. SSA will:

1. Comply with the requirements of IRC § 6103(p)(4). These requirements are defined in IRS Publication 1075, *Tax Information Security Guidelines for Federal, State and Local Agencies*, and are the standards utilized by IRS Office of Safeguards, Governmental Liaison, Disclosure and Safeguards, hereafter referred to as "IRS Safeguards", when conducting on-site reviews. The agency will have the opportunity to present alternative solutions and compensating controls where they are unable to meet specified requirements as part of the Corrective Action Plan (CAP) response process.
2. Submit an updated Safeguard Security Report (SSR) to IRS Safeguards by January 31st annually. The Head of Agency must certify the SSR fully describes the procedures established for ensuring the confidentiality of return information, addresses all Outstanding Actions identified by the IRS Safeguards from SSA's prior year's SSR submission; accurately and completely reflects the current physical and logical environment for the receipt, storage, processing and transmission of return information. Include a listing of any agreements executed by SSA with another federal agency which provides for disclosure of return information provided by IRS under this agreement.
3. 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 ensure IRS safeguarding requirements are met and will permit the IRS access to such facilities and computer systems as needed to review SSA compliance with the IRC § 6103(p)(4) requirements.
4. Officers and employees 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 whose official duties do not require this information to determine the applicable premium adjustment(s), if any, for the program specified in this agreement. Officers and employees of SSA must not disclose this information except as specifically authorized by IRC § 6103(1)(7).

5. Officers and 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(1)(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 assist the Department of Justice (DOJ) in defending a civil damages action under IRC § 7431.
6. When a data incident results in the SSA taking adverse or disciplinary action against an employee based on an unauthorized inspection or disclosure of return information in violation of SSA's procedures, SSA must notify each impacted taxpayer in writing. The notification letter must include the date of the unauthorized inspection or disclosure, and notify the taxpayer of his or her rights to file a civil action under IRC § 7431. SSA must report to IRS Safeguards when taxpayer notification letters are issued, in accordance with Publication 1075.
7. If SSA receives a Freedom of Information Act (FOIA) request for safeguard reports required to be filed with IRS by Publication 1075, SSA will consult with IRS to obtain its views on disclosure before responding to the request in accordance with the 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.
8. Approximately 120 days prior to a scheduled on-site safeguard review of SSA, IRS will send a notification and request for additional information required in preparation of the review. Ninety (90) days prior to the review, IRS Safeguards will host a preliminary security evaluation call to discuss systems and environment to determine potential scope of the on-site review. IRS Safeguards will deliver the proposed review scope approximately 60 days prior to start of the on-site review

IX. RECORDS USAGE AND DUPLICATION

- A. SSA agrees to the following limitations on access to, use of, and disclosure of return information provided by IRS:
 1. 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 LIS adjustment under section 1839(i) of the Act. SSA may not use the information in any manner or purpose not consistent with that authorized under IRC § 6103(1)(7). Any secondary use is specifically prohibited and may subject offending officials to civil/criminal penalties.
 2. 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.

3. IRC § 6103(a) prohibits disclosure of return information except as authorized in the IRC. 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.
4. 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 or a judicial proceeding.
5. Incidents of suspected unauthorized inspections or disclosures of return information must be reported to the Treasury Inspector General for Tax Administration (TIGTA) and IRS Safeguards within 24 hours of discovery.
6. SSA will 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.
7. SSA will not 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.

X. 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 reviewed issues related to income, liquid resources, and real property. Based on SSA's most recent findings in FY 2018, the case accuracy is 74 percent.

XI. 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.

XII. 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 Financial Management Service (FMS) Form 7600B. The terms and conditions of reimbursement will remain in effect for the fiscal year unless those terms are modified on FMS Form 7600A and FMS Form 7600B. 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 costs 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, IRS will notify SSA.

Costs associated with this program are primarily related to the actions by IRS required to make the data sharing program available to 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 but 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 FMS Form 7600A and FMS Form 7600B prior to the initiation of any services under this agreement. IRS's 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 FMS Form 7600A and FMS Form 7600B. Modified FMS Form 7600A and FMS Form 7600B 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 and IRS may execute FMS Form 7600A for up to a 5-year period, not to exceed the estimated costs. IRS will prepare a new FMS Form 7600B 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 2023 is subject to the availability of funds. If funds are not available for reimbursement, IRS is not required to perform this match.

XIII. DURATION OF AGREEMENT

A. Matching Agreement

The matching agreement is expected to commence on November 27, 2022 for a period of 18-months, 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 Fed. Reg. in accordance with 5 U.S.C. § 552a(e)(12).

Ninety 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 in accordance with section XII that satisfies both parties and is approved by the Data Integrity Board of each agency.

B. Reimbursable Agreement

FMS Form 7600B and SSA 429 span one Federal fiscal year only (October 1 of one calendar year through September 30 of the following calendar year). New FMS Form 7600B and SSA 429 are required for each fiscal year.

XIV. 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 Manager

Patricia Grasela, Senior Data Analyst
Governmental Liaison, Disclosure, and Safeguards
Data Services
BLN: 2-Q08.124
2970 Market Street
Philadelphia, PA 19104
Telephone: (267) 466-5564
Fax: (855) 207-0455
Email: Patricia.Grasela@irs.gov

2. Safeguards and Record Keeping

Lynn Glass, Associate Director
Internal Revenue Service
Governmental Liaison, Disclosure and Safeguards
Safeguards
1301 Clay Street
Oakland, CA 94612
E-mail: Lynn.T.Glass@irs.gov

B. The SSA contacts are:

1. Matching Program

Marcia O. Midgett, Government Information Specialist
Electronic Interchange and Liaison Division
Office of Privacy and Disclosure
Office of the General Counsel
6401 Security Boulevard, G-401 WHR
Baltimore, MD 21235
Telephone: (410) 966-3219
Email: Marcia.O.Midgett@ssa.gov

2. Systems Operations

Angil Escobar, Branch Chief
DBIAE/Data Exchange and Verification Branch of IT Programmatic Business
Support Office of Systems
3-E-2-F Robert M. Ball Building
6401 Security Boulevard
Baltimore, MD 21235
Telephone: (410) 965-7213
Fax: (410) 966-3147
Email: Angil.Escobar@ssa.gov

3. Program and Policy

Monica Nolan, Deputy Division Director
Office of Earnings, Enumeration & Medicare Policy
Office of Income Security Programs
6401 Security Boulevard, 2-A-17 Robert M. Ball Building
Baltimore, MD 21235
Telephone: (410) 965-2075
Fax: (410) 966-5366
Email: Monica.Nolan@ssa.gov

4. Project Coordinator

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

5. Reimbursement Information

Lynn Spruill
Office of Finance
Office of Financial Policy and Operations
6401 Security Boulevard, 2-K-5 ELR
Baltimore, MD 21235
Telephone: (410) 597-1673
Fax: (410) 597-0810
Email: Lynn.Spruill@ssa.gov

XV. AUTHORIZED OFFICIALS

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

Matthew D. Ramsey
Executive Director
Office of Privacy and Disclosure
Office of the General Counsel
Social Security Administration
6401 Security Boulevard, G-401 WHR
Baltimore, MD 21235
Telephone: (410) 965-5839
Email: Matthew.Ramsey@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:

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

XVI. 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.

XVII. DISPUTE RESOLUTION

Disputes related to this agreement will be resolved in accordance with instructions provided in the Treasury Financial Manual, Volume I, Part 2, Chapter 4700, Appendix 5, “*Intragovernmental Transaction Guide*.”

XVIII. 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.

XIX. CONTINGENCY CLAUSE

This agreement is contingent on SSA meeting the Federal Safeguard requirements specified in section VIII 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 C.F.R. § 301.6103(p)(7)-1 provide for an administrative review of any determination of noncompliance with IRC § 6103(p)(4).

XX. REPORT TO CONGRESS

When this agreement is approved by the SSA 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.

XXI. 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.

Electronic Signature Acknowledgement: The signatories may sign this document electronically by using an approved electronic signature process. Each signatory electronically signing this document agrees that his/her electronic signature has the same legal validity and effect as his/her handwritten signature on the document, and that it has the same meaning as his/her handwritten signature.

Social Security Administration

Michelle
Christ

Digitally signed by
Michelle Christ
Date: 2022.08.05
09:55:32 -04'00'

Date: 8/5/22

Michelle Christ
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:

Matthew D. Ramsey
Executive Director
Data integrity Board

Date: _____

Internal Revenue Service

Phyllis T.
Grimes

Digitally signed by Phyllis
T. Grimes
Date: 2022.08.04
13:14:41 -04'00'

Date: 8/4/22

Phyllis T. Grimes, 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:



8/19/2022

Date: _____

Ryan Law
Chairperson, Treasury Data Integrity Board
Deputy Assistant Secretary for Privacy, Transparency, and Records

XXII. EFFECTIVE DATE

This agreement is effective on the ____ day of _____

It expires on the ____ day of _____

Attachment:

A. Cost Benefit Analysis

**Cost Benefit Analysis for
Medicare Part D Matching Operation between
Social Security Administration (SSA) and Internal Revenue Service (IRS)
(Match #1305)**

Objective of the matching operation

The purpose of the matching operation is to verify attestations regarding income and resources made by claimants for Medicare Part D prescription drug subsidy assistance under the Medicare Modernization Act (MMA) of 2003.

Background

The MMA provides deductible and co-payment subsidies for certain low-income individuals to receive Part D premium. The MMA requires that we take applications and determine eligibility for this subsidy program, since lawmakers designed the program to assist individuals with limited financial means in paying for the prescription drug coverage. We automatically deem eligible individuals who have Medicare and receive Supplemental Security Income (SSI) or Medicaid, or who participate in the Medicare Savings Program. SSA determines eligibility for full or partial subsidy by comparing income and resource information provided by applicants with income and resource data available in our systems, as well as data obtained through matching agreements with other agencies.

Methodology

The Office of Data Exchange and International Agreements (ODXIA) reviewed initial and redetermination subsidy application data for beneficiaries who have matching income or resource data from SSA and the IRS. This CBA presents an estimate of the administrative savings due to the cost avoidance.

Specifically, ODXIA identified the number of applications excluded from the verification process to determine the cost-savings for avoiding verification of income and resource application data for beneficiaries, who applied for and are receiving Medicare Part D subsidies. We identified and eliminated applications denied during the screening out process from the counts even though they still go through the matching process. We concentrated on capturing data for cases awarded or denied due to the computer matching process, without manual intervention.

Benefits

The benefit of conducting this matching operation is the increased accuracy of our subsidy determinations, and the cost-savings gained by reducing the need for manual verifications by field offices (FO) of all income and resource allegations on Medicare Part D subsidy initial and redetermination applications.

The Office of Public Service and Operations Support reported an average development time of 21.44 minutes for verifying income and resources on subsidy applications. Through this matching operation, the FOs avoided manual verification of income and resources for 34,676 subsidy applications for a total cost-savings of approximately **\$743,453**.

Costs

For this data exchange, the Office of Systems reported estimated systems costs of \$24,024. The interagency agreement cost for this computer matching operation is \$248,476. The total cost for this matching operation is **\$272,500**.

Conclusion

Section 1144 of the Act requires SSA to conduct outreach efforts for the Medicare Savings Programs and subsidized Medicare prescription drug coverage. However, SSA does benefit from administrative savings by avoiding the cost of manual development of income and resources reported on initial and redetermination applications. We estimate that the benefit-to-cost ratio for this matching operation is **2.7:1**. Therefore, we recommend the continuation of this matching operation.

**Cost Benefit Analysis for
Medicare Part D Matching Operation between
Social Security Administration (SSA) and Internal Revenue Service (IRS)
(Match #1305)**

Cost Summary

Interagency Agreement Cost	\$248,476
Systems Costs (Office of Systems, Budget Staff)	\$24,024
Total Costs	\$272,500

Benefits Summary (Verification Costs Avoided due to Match)

Number of Income Verifications Avoided	1,814
Unit Cost for Income Verification ¹	\$ 21.44
Total Initial Application Verification Costs Avoided due to Match	\$ 38,892

Number of Resource Verifications Avoided	32,862
Unit Cost for Resource Verification ¹	\$ 21.44
Total Redetermination Verification Costs Avoided due to Match	\$ 704,561

Total Number of Verifications Avoided	34,676
Total Benefit	\$ 743,453

Benefit-to-Cost Ratio	2.7 : 1
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¹ Unit costs are calculated using unit times provided by the Office of Public Service and Operations Support, and FO cost per workyear and overhead rates provided by the Office of Finance.