COMPUTER MATCHING AGREEMENT
BETWEEN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
AND
THE DEPARTMENT OF HOMELAND SECURITY
UNITED STATES
CITIZENSHIP AND IMMIGRATION SERVICES
FOR THE
VERIFICATION OF UNITED STATES CITIZENSHIP AND IMMIGRATION STATUS DATA FOR ELIGIBILITY DETERMINATIONS

CMS Computer Matching Agreement No. 2018-10
Department of Health and Human Services No. 1809

Effective Date: October 1, 2018
Expiration Date: April 1, 2020

I. PURPOSE, LEGAL AUTHORITIES, AND DEFINITIONS

A. Purpose.

The purpose of this Computer Matching Agreement (Agreement) is to establish the terms, conditions, safeguards, and procedures under which the Department Health and Human Services, Centers for Medicare & Medicaid Services (CMS) and the Department of Homeland Security (DHS) / United States Citizenship and Immigration Services (USCIS) will engage in a computer matching program to assist in determining eligibility for enrollment in a Qualified Health Plan (QHP) through an Exchange or Insurance Affordability Programs, and to make Eligibility Determinations for Exemptions.

USCIS will assist CMS with accessing specific USCIS data through the DHS/USCIS Systematic Alien Verification for Entitlements (SAVE) Program, which provides immigration status and naturalized or derived citizenship data to authorized federal, state, and local agencies. These agencies use the information SAVE provides to help ensure that only those applicants or enrollees who are eligible receive benefits. Specifically, USCIS will provide CMS with electronic access to immigrant, nonimmigrant, and naturalized or derived citizenship (in certain circumstances) information.

Access to this information will assist CMS and Administering Entities (AE) in determining whether an applicant is lawfully present, a qualified non-citizen, a naturalized or derived citizen, and whether the 5-year waiting period for many non-citizens applies and has been met in order to determine whether the individual is eligible for enrollment or for one or more exemptions.

The Privacy Act of 1974, as amended (in particular, by the Computer Matching and Privacy Protection Act of 1988 (CMPPA)) (5 U.S.C. § 552a), requires the Parties participating in a matching program to execute a written agreement specifying the terms and conditions under which the matching will be conducted. CMS has determined that immigration status verification to be conducted through the Hub using the SAVE Program constitutes a "matching program" as defined at 5 U.S.C. § 552a(a)(8).

The responsible component for CMS is the Center for Consumer Information & Insurance Oversight (CCIIO). CMS will serve as the Recipient Agency for this Agreement. DHS is the Source Agency for this Agreement. The responsible component for DHS is the SAVE Program.

CMS and DHS are each a "Party" and collectively "the Parties." By entering into this Agreement, the Parties agree to comply with the terms and conditions set forth herein, as well as applicable law and regulations. The terms and conditions of this Agreement will be carried out by authorized officers, employees, and contractors of CMS and DHS.

B. Legal Authorities

The following statutes and regulations govern or provide legal authority for the uses of data, including disclosures, under this Agreement:

1. This Agreement is executed pursuant to the Privacy Act as amended (5 U.S.C. § 552a) and the regulations and guidance promulgated thereunder, including Office of Management and Budget (OMB) Circular A-108 "Federal Agency Responsibilities for Review, Reporting, and Publication under the Privacy Act" published at 81 Fed. Reg. 94424 (Dec. 23, 2016), and OMB guidelines pertaining to computer matching published at 54 Fed. Reg. 25818 (June 19, 1989).

2. This Agreement is executed to implement certain health care reform provisions of the Patient Protection and Affordable Care Act of 2010 (Public Law 111-148), as amended by the Health Care and Education Reconciliation Act (Public Law 111-152), codified at 42 U.S.C. § 18001 et seq. and referred to collectively as the Affordable Care Act (ACA), and implementing regulations at 42 Code of Federal Regulations (CFR) Parts 431, 435, 457, and 45 CFR Parts 155-157.

3. Section 1312(f)(3) of the ACA specifies that to be eligible to enroll in a QHP through the Exchange, an individual must be a United States Citizen or a national, or be a non-citizen who is lawfully present. To be eligible for advance payments of the premium tax credit (APTC) and cost-sharing reductions (CSR), an individual must be a United States Citizen or a national or be a non-citizen who is lawfully present. 26 U.S.C. § 36B(c)(1) and (e); 42 U.S.C. § 18071(e). *See also* 45 CFR §§ 155.305(f) and (g).

4. Section 1943(b) of the Act (as added by section 2201 of the ACA) requires that Medicaid and Children's Health Insurance Program (CHIP) agencies utilize the same

streamlined enrollment system and secure electronic interface established under section 1413 of the ACA to verify eligibility.

5. Section 1411(c)(2)(B)(ii) of the ACA provides that the Secretary of HHS will transmit the following identifying information to the Secretary of DHS for a determination as to whether the information is consistent with information in the records of DHS: name, date of birth, and any identifying information with respect to an individual's immigration status provided under subsection 1411(b)(2), for the purposes of verifying citizenship and immigration status.

6. The Immigration Reform and Control Act of 1986, Pub. L. No. 99-603, 100 Stat. 3359, as amended (IRCA), requires the former Immigration and Naturalization Service (currently USCIS, within DHS, effective March 1, 2003) to establish a system for verifying the immigration status of non-citizen Applicants for, and recipients of, certain types of federally funded benefits, and to make the system available to federal, State and local benefit-issuing agencies and institutions that administer such benefits.

7. The Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), Pub. L. No. 104-208, 110 Stat. 3009, as amended, requires that the former Immigration and Naturalization Service (currently USCIS, within DHS, effective March 1, 2003) respond to an inquiry by a federal, state, or local agency seeking to verify or ascertain the citizenship or immigration status of any individual within the jurisdiction of the agency for any purpose authorized by law.

8. 26 U.S.C. § 6103(l)(21) authorizes the disclosure of certain tax return information as defined under 26 U.S.C. § 6103(b)(2) (hereinafter "Return Information") for purposes of determining eligibility for certain Insurance Affordability Programs and prohibits disclosure of Federal tax information to an Exchange or State agency administering a State program, unless the program is in compliance with the safeguards requirements of 26 U.S.C. § 6103(p)(4), and unless the information is used to establish eligibility for certain Insurance Affordability Programs.

C. Definitions

1. "ACA" means Patient Protection and Affordable Care Act (Public Law No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law No. 111-152), codified at 42 U.S.C. 18001 et seq. (collectively, the ACA);

2. "Administering Entity" (AE) means a state Medicaid agency, state CHIP Program, a state Basic Health Program (BHP), or an Exchange administering an Insurance Affordability Program;

3. "Applicant" means an individual seeking an Eligibility Determination for enrollment in a Qualified Health Plan through an Exchange, an Insurance Affordability Program or a certification of Exemption; this term includes individuals whose eligibility is determined at the time of a renewal or

redetermination;

4. “APTC” or advance payment of the premium tax credit means payment of the tax credits specified in section 36B of the Internal Revenue Code of 1986 (as added by section 1401 of the ACA), which are provided on an advance basis to an eligible individual enrolled in a QHP through an Exchange in accordance with sections 1411 and 1412 of the ACA;

5. "Breach" is defined by OMB Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (PII) (January 3, 2017), as the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, or any similar occurrence where (1) a person other than an authorized user accesses or potentially accesses personally identifiable information or (2) an authorized user accesses or potentially accesses personally identifiable information for an other than authorized purpose;

6. “CHIP” or the Children’s Health Insurance Program means the state program established under Title XXI of the Social Security Act;

7. “CMS” means the Centers for Medicare & Medicaid Services;

8. “CSR” or Cost Sharing Reductions means cost sharing reductions for an eligible individual enrolled in a silver level plan in the Exchange or for an individual who is an Indian enrolled in a QHP in the Exchange;

9. “DHS” means the Department of Homeland Security;

10. “Eligibility Determination” means the determination of eligibility by an Administering Entity for enrollment in a QHP through an Exchange, an Insurance Affordability Program or for certifications of Exemption. This refers to initial determinations or redeterminations based on a change in the individual’s status, and appeals;

11. “HHS” means the Department of Health and Human Services;

12. “Hub” or “Data Services Hub” is the CMS-managed electronic service to interface among connecting entities and refers to both the web services connection to various agencies providing verification services and a system that will apply system logic to interpret the data it receives with respect to eligibility;

13. "Minimum Essential Coverage" or “MEC” is defined in the Internal Revenue Code (IRC) § 5000A(f) and includes health insurance coverage offered in the individual market within a state, which includes a QHP offered through an Exchange, an eligible employer-sponsored plan, or government-sponsored coverage such as coverage under Medicare Part A, TRICARE, or a Health Care Program;

14. "Qualified Health Plan" or "QHP" means a health plan that has in effect a certification that it meets the standards described in subpart C of part 156 in title 45 of the CFR issued or recognized by each Exchange through which such plan is offered in accordance with the process described in 45 CFR Part 155, subpart K;

15. "Security Incident" means the act of violating an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent (NIST SP 800-61r2);

16. "System of Records" as defined by the Privacy Act (5 U.S.C. § 552a(a)(5)), means a group of any records under the control of any agency from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual;

17. "USCIS" means United States Citizenship and Immigration Services, a component of DHS.

18. "USCIS Number" is the 9-digit United States Citizenship and Immigration Services number listed on the front of Permanent Resident Cards (Form I-551) issued after May 10, 2010, and it is the same as the Alien Registration Number.

19. "VIS" means "Verification Information System", a composite information system incorporating immigration data, as well as naturalized and derived citizenship data, from DHS data repositories and other federal databases. For more information please see, DHS/USCIS–004 Systematic Alien Verification for Entitlements Program System of Records Notice, 81 Fed. Reg. 78619 (November 8, 2016).

II. RESPONSIBILITIES OF THE PARTIES

A. CMS Responsibilities

1. CMS agrees to provide USCIS with the following information for the purpose of immigration status or naturalized/derived citizenship verification: Alien Registration Number, I-94 number, or other identifiers as defined in the Records Description in Section IV of this Agreement, as applicable, of the Applicant or Enrollee seeking an Eligibility Determination.

2. CMS, through the Hub, may disclose to AE the data received from USCIS under this Agreement for the purpose of determining eligibility for enrollment in a QHP through an Exchange, one of the Insurance Affordability Programs or an Exemption.

3. CMS, through the Hub, may request verification for individuals currently enrolled whose immigration status has an expiration date or condition. AE do not expect to re-verify all enrollees on an annual basis; any Enrollee selected for re-verification shall

be selected for a non-discriminatory reason.

4. CMS shall allow USCIS to monitor and review all records and documents under CMS possession and control, or to which CMS has access or review rights, related to the use, abuse, misuse, discriminatory use, fraudulent use or improper use of USCIS verification data by AE or their agents, including, but not limited to notice documents required by the Privacy Act or other applicable authority.

5. CMS shall provide USCIS with data and information regarding operation of the data services Hub for USCIS monitoring and compliance purposes, including data and information identifying the number and category of benefits (Medicaid, CHIP, QHP or BHP) by state or AE. CMS shall also provide USCIS with the opportunity to submit questions as necessary for appropriate monitoring and compliance purposes. CMS shall provide this data and information to USCIS, and an opportunity to submit questions, on an annual basis and otherwise as frequently as agreed upon between the Parties, but not later than 30 days after USCIS makes a written request for the information.

6. CMS shall cooperate and collaborate with USCIS and consider its input and recommendations when CMS monitors and oversees access through the Hub by CMS, AE and their respective agents to the SAVE system. CMS will support USCIS direct assistance to verification system users (i.e., CMS, AE and their respective agents) when necessary to ensure compliance with the terms of this Agreement. CMS shall take corrective measures in a timely manner to address all lawful requirements and recommendations within the scope of CMS' authority on every written USCIS finding including but not limited to misuse of the system, discriminatory use of the system, non-compliance with the terms, conditions and safeguards of this Agreement, USCIS program procedures or other applicable law, regulation or policy.

7. CMS shall allow DHS and its components to monitor CMS and CMS sub-user system access and usage of SAVE and to assist verification system users and sub-users, Agents or designees as necessary to ensure compliance with the terms of this Agreement by CMS, AEs, and their respective agents. SAVE Monitoring and Compliance shall be allowed to conduct compliance assistance activities, in coordination with CMS' primary oversight and monitoring processes, to review AEs' and their respective agents' compliance with this agreement. CMS shall take corrective measures within a timeframe agreed to by CMS and USCIS, to address all lawful requirements and recommendations within the scope of CMS' authority under 45 CFR § 155.1200 on every written USCIS finding including but not limited to those regarding waste, fraud, and abuse, discrimination or any misuse of the system, non-compliance with the terms, conditions and safeguards of this Agreement, USCIS program policies and procedures or other applicable law or regulation.

8. CMS will enter into, and will provide USCIS with copies of, agreements with State-based Exchanges (SBE) that bind the SBE, including their employees and contractors,

to comply with the privacy and security requirements set forth in this Agreement, Section IV(A)(3) of this agreement, and with USCIS's privacy and security requirements in administering its verification programs, and with all other requirements set forth in this Agreement. Additionally, when collection, use, or disclosure of data is otherwise required by law, an Exchange must, pursuant to 45 CFR § 155.260, require the same or more stringent privacy and security standards as a condition of contract or agreement with individuals or entities that:

a. Gain access to PII submitted to an Exchange; or
b. Collect, use or disclose PII gathered directly from Applicants or Enrollees while performing the functions outlined in the agreement with the Exchange.

9. CMS will enter into, and will provide USCIS with copies of, agreements prior to providing data to State Medicaid and CHIP agencies, under which such agencies agree to comply with the requirements which relate to the safeguarding of information about Applicants and Enrollees.

10. CMS will advise AE that connect to SAVE via the verify lawful presence (VLP) Web Services interface to transition their systems to the most recent version of a SAVE release within 12 months from when the CMS Hub completes implementation of the latest version of the interface control agreement (ICA) in a VLP release, or they may experience technical difficulties.

11. When both respective DIBs have approved this Agreement, CMS will submit a report of the Matching Program to OMB and to the appropriate Committees of Congress for review, and will provide a copy of such notifications to USCIS.

B. USCIS Responsibilities

1. USCIS agrees to make available the SAVE Program to CMS as an electronic method for determining whether Applicant information submitted by the Secretary of HHS to the Secretary of DHS pursuant to ACA sections 1411(c)(2)(B) and 1413 is consistent with information available through the USCIS VIS.

2. USCIS agrees to provide the Hub with a response on each inquiry, as appropriate, to enable AE to confirm whether the biographic, citizenship and immigration status information submitted by the Hub to SAVE is consistent with information available through the USCIS VIS.

3. USCIS agrees to provide CMS with instructional materials required for the use of the SAVE Program.

4. USCIS agrees to provide a sufficient number of primary verification user codes to assure the effective implementation of the verification procedures and instructions for obtaining necessary system access codes.

5. USCIS agrees to provide assistance to CMS and other AE on policies and procedures for participating in the SAVE Program, including technical instructions for accessing the system, requirements for safeguarding information contained in the system, proper and nondiscriminatory use of the system, and restrictions on retention and disclosure of system information. USCIS also agrees to provide CMS with the name, address and telephone number of an appropriate point of contact (POC) within USCIS, or its contractor organization, who can be contacted regarding any billing questions, as appropriate, or problems which arise in connection with CMS' participation in the verification program.

6. USCIS will conduct an additional verification search of available databases when a request for additional verification is submitted.

7. USCIS will advise the AE through the Hub or the AEs' direct SAVE access method, as appropriate, if USCIS is unable to verify the Applicant's immigration status, at which time the AE may submit an electronic copy of the applicant's immigration document or follow second, and if necessary, third step verification prompts.

III. JUSTIFICATION AND ANTICIPATED RESULTS

Pursuant to the Privacy Act's subsection 552a(o)(1)(B) requirement, the justification for the program and the anticipated results, including a specific estimate of any savings, is described below:

A. Cost Benefit Analysis Requirements

As required by section 552a(u)(4)(A) of the Privacy Act, a cost benefit analysis (CBA) was conducted, included as Attachment 1, covering this CMA with DHS and seven other mandatory "Marketplace" matching programs which CMS conducts with other Federal agencies. The CBA demonstrates that monetary costs to operate all eight Marketplace matching programs exceed $30.5 million, but does not quantify direct governmental cost saving benefits sufficient to estimate whether they offset such costs. The CBA, therefore, does not demonstrate that the matching program is likely to be cost-effective and does not provide a favorable benefit/cost ratio.

However, other supporting justifications and mitigating factors to support approval of this CMA though is provided below in Section B. Further, OMB guidance provides that when a matching program is being renegotiated, which is being re-established, pursuant to OMB Circular A-108, the Privacy Act "does not require the showing of a favorable ratio for the match to be continued… The intention is to provide Congress with information to help evaluate the cost-effectiveness of statutory matching requirements with a view to revising or eliminating them where appropriate." *See* OMB Guidelines, 54 Fed. Reg. at 25828.

B. Other Supporting Justifications

Even though the Marketplace matching programs are not demonstrated to be cost-effective, ample justification exists in the CBA sections III (Benefits) and IV (Other Benefits and Mitigating Factors) to justify DIB approval of the matching programs, including the following:

1. Certain Marketplace matching programs are required and are not discretionary. However, some Marketplace matching programs are based on permissive use disclosure authority, not a statutory obligation.

2. The Marketplace matching programs' eligibility determinations and Minimum Essential Coverage (MEC) checks result in improved accuracy of consumer eligibility determinations, which CMS anticipates will continue to produce expedited Eligibility Determinations while minimizing administrative burdens and achieve operational efficiencies.

3. The matching programs provide a significant net benefit to the public by accurately determining eligibility for financial assistance (including the advance payment of the premium tax credit (APTC) and cost sharing reduction (CSR)).

4. An efficient eligibility and enrollment process contributes to greater numbers of consumers enrolling in Marketplace qualified health plans, resulting in a reduction of the uninsured population, therefore improving overall health care delivery.

5. Continuing to use the current matching program structure, which is less costly than any alternative structure, is expected to increase the public's trust in the participating agencies as stewards of taxpayer dollars.

In sum, the optimal result in performing this matching program is attained by limiting the cost by using a matching program operational structure and technological process that is more efficient than any alternatives.

IV. RECORDS DESCRIPTION

The Privacy Act, subsection 552a(o)(1)(C), requires that each CMA specify a description of the records that will be matched, including a sample of data elements that will be used, the approximate number of records that will be matched, and the projected starting and completion dates of the program.

A. System of Records

1. The CMS SOR that supports this matching program is the "CMS Health Insurance Exchanges System (HIX)", CMS System No. 09-70-0560, last published in full at 78 Fed. Reg. 63211 (October 23, 2013), as amended at 83 Fed. Reg. 6591 (February 14, 2018).

2. The USCIS SOR that supports this data Matching Program is the VIS and several

immigration databases as described in the SAVE system of records notice (SORN): DHS/USCIS–004 Systematic Alien Verification for Entitlements Program System of Records Notice, 81 Fed. Reg. 78619 (November 8, 2016). Routine Use H permits DHS' disclosure to CMS: "to approved federal, state, and local government agencies for any legally mandated purpose in accordance with their authorizing statute or law and when an approved Memorandum of Agreement or Computer Matching Agreement (CMA) is in place between DHS and the entity."

B. Number of Records

The Congressional Budget Office (CBO) estimated that up to 12 million records may be transacted through SAVE queries, for coverage in QHP and other Insurance Affordability Programs in calendar year 2018. In the past FY2016 and FY2017, approximately 11 to 12 million total SAVE queries were made.

C. Specific Data Elements Used in the Match

1. From the CMS to USCIS. CMS will submit data elements pertaining to Applicants or Enrollees through SAVE to the USCIS VIS. These data elements may include the following:

    a. Identification Number (e.g., Foreign Passport Number, I-94 Number, Alien Registration Number/USCIS Number)
    b. Immigration Document Type
    c. Last Name
    d. Middle Initial
    e. First Name
    f. Date of Birth
    g. Document Expiration Date (if applicable)
    h. Information contained in the comment field, such as USCIS benefit application receipt numbers, maiden names, nicknames, and additional immigration document numbers.

2. From USCIS to CMS. USCIS through SAVE will send the Hub responses that contain data from records provided to VIS and databases VIS accesses. These responses may include the following data elements:

    a. Alien Registration Number/USCIS Number
    b. I-94 Number
    c. Last Name
    d. First Name
    e. Date of Birth
    f. Date of Entry
    g. Status Grant Date, if available
    h. Immigration Status Data

D. Projected Starting and Completion Dates of the Matching Program

Effective Date – October 1, 2018
Expiration Date – April 1, 2020 (April 1, 2021 if renewed for 1 year).

V. NOTICE PROCEDURES

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

B. The Privacy Act's subsection 552a(o)(1)(D) requires CMAs to specify procedures for providing individualized notice at the time of application, and notice periodically thereafter as directed by the Data Integrity Board of such agency (subject to guidance provided by the Director of OMB pursuant to subsection 552a(v)), to applicants for and recipients of financial assistance or payments under Federal benefit programs. Individual Applicants or Enrollees will be notified that the information used to determine the eligibility of each Applicant or Enrollee may be verified by matching against the records of various federal agencies, including DHS. This notice will be provided at the time of application on the OMB-approved HHS-developed single streamlined application or on an HHS-approved alternate application used by an AE. The same application will be used for initial applications seeking Eligibility Determinations and to report changes in circumstances after enrollment. AEs may notify benefit applicants that they can determine the status of their SAVE verification by visiting SAVE Case Check, which can be accessed through the SAVE public website located at https://www.uscis.gov/SAVE.

VI. VERIFICATION PROCEDURES AND OPPORTUNITY TO CONTEST FINDINGS

The Privacy Act's subsection 552a(o)(1)(E) requires that each CMA outline procedures for verifying information produced in the matching program, as required by 5 U.S.C. § 552a(p). This subsection requires agencies to independently verify the information produced by a matching program and to provide the individual an opportunity to contest the agency's findings, before an adverse action is taken against the individual, as a result of the match.

A. Verification Procedures

1. CMS will provide USCIS with the following information for the purpose of immigration status or naturalized/derived citizenship verification: Alien Registration Number, I-94 number, or other identifiers as defined in the Records Description in Section 4 of this Agreement, as applicable, of the Applicant or Enrollee seeking an Eligibility Determination.

2. If USCIS cannot verify immigration status on initial electronic verification (i.e., first step verification), AEs will be prompted to institute additional verification, at which time the Administering Entity may submit the case for second step verification or may upload an electronic copy of the applicant's immigration document if done in

accordance with the rules applicable to the AE for which the request is being made. If USCIS cannot verify immigration status on additional verification, AEs will be prompted to submit the verification request for third level verification. If third level verification is required, AE will facilitate the transfer of the Applicant's or Enrollee's immigration documentation to USCIS. The SAVE Program requires copies of immigration documentation in order to conduct third-level verification. AE must submit such documentation electronically. Submission of paper documentation by mail as an attachment to Form G-845 is no longer a submission option, unless USCIS expressly requests submission in that format.

3. If an AE is unable to comply with the prompts through the Hub, the AE may implement an approved alternative verification method to verify documents that demonstrate the applicants' immigration status. Alternative verification methods should use the AE's independent SAVE access methods to verify immigration and naturalized or derived citizenship status. Alternative access methods that do not use SAVE as an access method to verify immigration and naturalized or derived citizenship status cannot be considered to have received a determination from DHS as to whether the applicant's information is consistent with information in DHS records. CMS agrees to provide USCIS with written descriptions of any alternative verification procedures, as appropriate, used by AEs.

4. CMS and AEs may not to deny an application covered under this Agreement based upon the failure to verify applicant information with DHS records unless an AE completes all SAVE prompts returned to the Hub, including submitting the verification request for additional verification or resubmitting the case when prompted by SAVE, or completes an alternate verification procedure.

5. CMS and AEs may not suspend, terminate, reduce, or make a final denial regarding the Federal benefit program eligibility of an Applicant/recipient under the ACA based upon a SAVE verification response status, or a response received through an approved alternative method, or take other adverse action against such individual as a result of information produced by the Matching Program, without first providing the Applicant or Enrollee the opportunity to provide additional information to verify their citizenship or immigration status in accordance with 45 CFR § 155.315(f) or 42 CFR §§ 435.952 and 457.380. Please see DHS-USCIS' "additional verification procedures" as described in its SAVE Program Guide, which is incorporated into this Agreement by reference, including any subsequent amendments or revisions provided that such additional verification procedures are consistent with applicable law.

6. Furthermore, CMS may not suspend, terminate, reduce, or make a final denial regarding the Federal benefit program eligibility of any individual described in the preceding paragraph, or take other adverse action against such individual as a result of information produced by this Matching Program unless: (A) such individual has received notice from CMS containing a statement of the findings of the immigration status check; and (B) until the subsequent expiration of any notice period provided by such program's law or regulations. Such opportunity to contest may be satisfied by

the notice, hearing, and appeal rights governing the Federal benefit program if the applicant has been provided the opportunity to refute any adverse status information as a result of the verification query.

7. Information created by CMS regarding any individual which becomes part of the System of Records can be contested by contacting CMS.

8. Because CMS is not the owner of the record, any information provided to CMS by DHS cannot be contested by contacting CMS. An individual seeking to contest the content of information DHS provided for matching purposes should contact the relevant Party. CMS, in its role as the Federally-facilitated Exchange (FFE), will provide guidance to the individual concerning how to contest the content of information provided by DHS.

B. Enrollment in a QHP through an Exchange, APTC and CSR

1. An Exchange will verify citizenship and immigration status in accordance with 45 CFR § 155.315(c). Pursuant to the verification process in 45 CFR § 155.315, the Exchange will provide notice to and an opportunity to resolve the inconsistency for the Applicant or Enrollee if there is an inconsistency between the Applicant/Enrollee's attestation and the information provided by DHS/USCIS under this Agreement through the Hub in connection with Eligibility Determinations and Redeterminations for APTCs and CSRs. *See also* section 1411(e)(3)-(4) of the ACA. The Applicant/Enrollee will have 90 days from the date of notice of the inconsistency to resolve the inconsistency or to present satisfactory documentary evidence to the agency. 45 CFR § 155.315(f).

2. In addition, an Exchange will provide notice of appeals procedures with a notice of Eligibility Determination and Redetermination pursuant to 45 CFR §§ 155.230 and 155.355. An Applicant or Enrollee will be provided the opportunity to appeal denials of eligibility for APTCs and CSRs based upon contested determinations of citizenship or immigration status pursuant to section 1411(f)(1) of the ACA.

C. Exemptions

The Exchange will verify certain citizenship and immigration status information provided by an Applicant for a certain type of Exemption with information provided by DHS pursuant to this Agreement in accordance with 45 CFR §§ 155.615(f) and (g) and 155.620(c). Pursuant to the verification process in 45 CFR §§ 155.615(f) and (g) and 155.620(c), the Exchange will provide notice and an opportunity to resolve the inconsistency with SAVE and the Exchange for the Applicant if there is an inconsistency between the Applicant's attestation and the information obtained from DHS through the Hub in connection with Eligibility Determinations and Redeterminations for Exemptions. *See also* Section 1411(e)(3)-(4) of the ACA. In addition, the Exchange will provide notice of appeals procedures with a notice of Eligibility Determination and Redetermination pursuant to 45 CFR §§ 155.230 and 155.635. An Applicant will be

provided the opportunity to appeal denials of eligibility for an Exemption pursuant to section 1411(f)(1) of the ACA.

D. Medicaid and CHIP

A State Medicaid or CHIP agency must determine or renew eligibility in accordance with 42 CFR §§ 435.911, 435.916, 457.340 and 457.343. Medicaid and CHIP agencies will verify certain citizenship and immigration status information provided by an Applicant or beneficiary in accordance with 42 CFR parts 435 or 457. A Medicaid/CHIP Applicant Beneficiary seeking to contest any information used for verification of citizenship or immigration status of an application or Renewal determination that results in an adverse Eligibility Determination may file an appeal with the agency that issued the Eligibility Determination.

E. Basic Health Plan

A BHP will verify the eligibility of an Applicant or beneficiary for BHP consistent either with the Exchange standards and procedures set forth at 45 CFR §§155.315 and 155.320 or Medicaid standards and procedures set forth at 45 CFR §§ 435.945 through 435.956.

VII. PROCEDURES FOR RETENTION AND TIMELY DESTRUCTION OF IDENTIFIABLE RECORDS

These procedures are required by the Privacy Act's subsection 552a(o)(1)(F):

USCIS records are stored and retained in the VIS Master Data File in accordance with the DHS SAVE SORN and retention schedule N1-566-08-7, which was approved by NARA as of June 5, 2008 ten (10) years from the date of completion of the verification unless the records are part of an ongoing investigation in which case they may be retained until completion of the investigation.

CMS FFE will retain electronic records that contain verified Applicant, Beneficiary, or Enrollee information for a period of ten (10) years to the extent that a match results in an inconsistency, in accordance with retention schedule DAA-0440-2014-0003 which was approved by NARA May 4, 2016. The retained electronic records will reflect the results of the match in order to meet legal evidentiary requirements. Retained records will not contain raw DHS data received via the Hub.

DHS and CMS will dispose data in accordance with their applicable Federal Records Retention Schedules. DHS and CMS will not create permanent files or a separate system comprised solely of the data provided by the other Party.

VIII. SECURITY PROCEDURES

As required by the Privacy Act's subsection 552a(o)(1)(G), CMS and DHS/USCIS agree to the following information security procedures:

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

B. Legal Compliance. Both Parties shall comply with the limitations on use, storage, transport, retention, and safeguarding of data under all applicable Federal laws and regulations. These laws and regulations include the Privacy Act of 1974 (Privacy Act), the Federal Information Security Modernization Act of 2014 (FISMA), 44 U.S.C. §§ 3501-3558, the Computer Fraud and Abuse Act of 1986, the E-Government Act of 2002, the Clinger-Cohen Act of 1996, and the corresponding implementation regulations for each statute. Additionally, CMS shall follow Federal, HHS, and CMS policies including:

1. The Office of Management and Budget (OMB) Circular No. A-130, "Managing Federal Information as a Strategic Resource," (July 28, 2016) (http://www.whitehouse.gov/omb/circulars);

2. The National Institute of Standards and Technology (NIST) Special Publications (SP) (http://csrc.nist.gov/publications);

3. The HHS Information Systems Security and Privacy Policy (IS2P) (HHS FISMA Working Group Collaboration Page) or mailto: FISMA@hhs.gov;

4. CMS Information Security Acceptable Risk Safeguards (ARS), CMS Minimum Security Requirements (CMSR) as amended CMS Information Security Acceptable Risk Safeguards CMS Minimum Security Requirements (CMSR);

5. Other polices, standards, procedures and templates located on the Information Security and Privacy Library; and

6. DHS Sensitive Systems Policy 4300A

C. FISMA Compliance. Both Parties shall comply with the requirements of FISMA as it applies to the electronic storage, processing, use, and transport of data by and between the Parties under this Agreement. The Parties will comply with Section 3544(a)(1) of FISMA, which requires agencies and their contractors to ensure that computer systems are FISMA compliant. Furthermore, the Parties agree to use all applicable NIST standards when certifying and auditing systems.

D. Loss, Potential Loss, or Breach Reporting. Both Parties shall comply with OMB reporting guidelines in the event of a loss, potential loss, or breach of PII (see OMB M-17-12 (January 3, 2017)), and the responsibilities and procedures of its own agency breach response plan. The Party that experienced the breach will be responsible for following its established procedures, including notifying the proper organizations (e.g., United States Computer Emergency Readiness Team (US-CERT)), conducting a breach

and risk analysis, and making a determination of the need for notice and/or remediation to individuals affected by the loss. If the Party's analysis indicates that an individual notice is appropriate, the Party that experienced the breach will be responsible for providing such notice, and all costs incurred providing such notice and subsequent mitigation. In addition, the Party experiencing the breach will notify the other Party's System Security Contact named in this Agreement within twenty-four (24) hours of discovering the suspected or confirmed breach. If the Party experiencing the breach is unable to speak with the other Party's System Security Contact or if for some reason contacting the System Security Contact is not practicable (e.g., outside of normal business hours), then the following contact information shall be used:

- USCIS Service Desk: 1-888-220-5228;
- CMS IT Service Desk: 410-786-2580 or e-mail CMS_IT_Service_Desk@cms.hhs.gov.

E. Administrative Safeguards. Both Parties will comply with the existing and future requirements set forth by the Privacy Act; 44 U.S.C. §§ 3541-3549; related OMB circulars and memoranda such as Circular A-130, Managing Information as a Strategic Resource (July 28, 2016); NIST directives; and any applicable amendments published after the effective date of this Agreement. These laws, directives, and regulations include requirements for safeguarding federal information systems and personally identifiable information used in federal agency business processes, as well as related reporting requirements. Specifically, FISMA requirements apply to all federal contractors, organizations, or entities that possess or use federal information, or that operate, use, or have access to federal information systems on behalf of an agency. Both Parties agree that personnel with access to the data matched and created by the match receive training to ensure proper verification in a manner consistent with this agreement. Accordingly, both Parties will restrict access to the matched data and to any data created by the match to only those authorized users of the CMS Hub who need it to perform their official duties in connection with the uses of data authorized in this Agreement. Further, both Parties will advise all personnel who will have access to the data matched and to any data created by the match of the confidential nature of the data, the safeguards required to protect the data, regulations applicable to retention of the data, and the civil and criminal sanctions for noncompliance contained in the applicable Federal laws.

F. Physical Security / Storage. Both Parties agree to maintain all automated matching records in a secured computer environment that includes the use of authorized access codes (passwords and/or personal identity verification or PIV) to restrict access and that is otherwise physically safe from access by unauthorized persons at all times. Those records will be maintained under conditions that restrict access to persons who need them in connection with their official duties related to the matching process. It is the responsibility of the user's supervisor to ensure that both Parties are notified when a user has departed or duties have changed such that the user no longer needs access to the system, to ensure timely deletion of the user's account and password. USCIS and CMS

will comply with physical security and storage requirement under DHS Sensitive Systems Policy 4300A.

G. Technical Safeguards. Both Parties will process the matched data and any data created by the match under the immediate supervision and control of the authorized users in a manner that will protect the confidentiality of the data, so that unauthorized persons cannot retrieve any data by computer, remote terminal, or other means. The DHS/USCIS personnel will be trained on the new data and process as part of their continued and regular training sessions. CMS will also ensure only authorized users have access to the data and will protect the confidentiality of the data. CMS will provide training to the authorized users on the usage of the system and the data.

Systems personnel will be required to enter personal identification numbers when accessing data on the agencies' systems. Both Parties will strictly limit authorization to these electronic data systems necessary for the authorized user to perform their official duties. Data will be protected in accordance to DHS 4300A, FISMA and NIST security guidance. All data in transit will be encrypted using algorithms that meet the requirements of FIPS 140-2, Security Requirements for Cryptographic Modules, as amended, and implementation guidance. DHS/USCIS will transmit application data to CMS via a web services-based Simple Object Access Protocol, Extensible Markup Language/Hypertext Transfer Protocol Secure request.

Authorized system users will be identified by login credentials, and individually tracked to safeguard against the unauthorized access and use of the system.

H. Application of Policies and Procedures. Both Parties will adopt policies and procedures to ensure that each Party uses the information obtained under this Agreement and retained in their respective records or obtained from each other is used solely as provided in this Agreement. Both Parties will comply with these policies and procedures and any subsequent revisions.

I. On-Site Inspections. Both Parties may make on-site inspections and requests for information of the other Party to ensure that the safeguards for the data subject to this Agreement are adequate, and to ensure compliance with this Agreement. Each Party shall provide the other Party with any reports and/or documentation relating to such on-site inspections at the Party's request.

J. Monitoring and Compliance.

1. CMS will notify the USCIS Safeguards and Recordkeeping Procedures Contact immediately whenever there is reason to believe a violation of this Agreement has occurred;

2. CMS will notify the USCIS Safeguards and Recordkeeping Procedures Contact immediately whenever there is reason to believe an information Breach has occurred as a result of CMS action or inaction, pursuant to Office of Management

and Budget (OMB) Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information, January 3, 2017.

3. AEs will submit a Security Incident report template describing the Security Incident to their designated Center for Consumer Information and Insurance Oversight (CCIIO) State Officer (CSO). Agents of the AEs will submit Security Incident reports through their respective AE to CMS. If the AE's report is about USCIS data, CMS will inform USCIS of the incident by sending the Security Incident report to USCIS. Based on the Security Incident, CMS will determine whether further discussion between the CSO and USCIS is necessary. The investigation of the Security Incident is the responsibility of the AE. If the AE determines that notification is necessary, the AE will conduct the Breach notification at their cost.

4. CMS will contact the AE and discuss corrective action to investigate the source of suspected fraudulent, noncompliant, or discriminatory activity within twenty-four (24) hours of the time that USCIS provides notice to CMS that USCIS has observed suspicious activity regarding Hub submissions to the USCIS verification system.

5. CMS will share with USCIS security status assessments at times when federal agencies that supply information in support of ACA activities conduct security assessments regarding the operational status of CMS, AEs, and their authorized respective agents in connection with verification data and services under this Agreement.

K. CMS must ensure information systems are compliant with CMS guidance "Minimum Acceptable Risk Standards for Exchanges (MARS-E)" Exchange Reference Architecture Supplement, Version 1.0, dated August 1, 2012.

Non-Discrimination: Any action required or permitted under this Agreement shall be conducted in a manner that does not discriminate against an individual based upon his or her national origin, race, color, sex, religion, or disability in accordance with Section 705 of the Homeland Security Act of 2002; Section 504 of the Rehabilitation Act of 1973, and agency implementing regulations at 6 CFR Part 15.

L. In fulfilling their obligations under Executive Order 13,166 ("Improving Access to Services for Persons with Limited English Proficiency," 65 Fed. Reg. 50,121 (Aug. 16, 2000)), the Parties will take reasonable steps to provide limited English proficiency (LEP) persons with meaningful access to federally conducted programs and activities, including services and benefits. Meaningful access includes providing timely language assistance services to ensure effective communication with LEP persons and providing language services that are sufficient to provide the same level of access to services received by persons who are not LEP. Language assistance services may be oral and written, and must be provided at no charge to the individual. Vital documents, including notices relating to consent, verification of status, and contesting verification failures should be translated.

M. In accordance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 701) and related agency implementing regulations, the Parties will provide accommodations to individuals with disabilities to ensure effective communication; including providing qualified sign language interpreters; providing accessible electronic and information technology; and producing notices and publications in alternate formats, at no charge to the individual. Persons with disabilities that may require accommodation and provision of alternative communication methods to ensure effective communication include persons who are deaf or hard of hearing, persons with vision impairments, and persons with psychiatric and/or developmental disabilities.

IX. RECORDS USAGE, DUPLICATION, AND DISCLOSURE RESTRICTIONS

As required by the Privacy Act's subsection 552a(o)(1)(H), the Parties will comply with the following limitations on use, duplication, and disclosure of the electronic files, and data provided by the other Party under this Agreement:

A. The Parties will use and disclose the data only for the purposes described in this Agreement or authorized by applicable law, unless the other Party consents to the use or disclosure. The Party requesting permission must specify the following in writing; (1) what data will be used or disclosed, (2) to whom the data will be disclosed, (3) the reasons justifying such use or disclosure, and (4) the intended use of the data.

B. The Parties will not use the data to extract information concerning individuals therein for any purpose not specified by this Agreement or applicable law.

C. The matching data provided by USCIS under this Agreement will remain the property of USCIS and will be retained by CMS and Administering Entities to be used for internal audits to verify the accuracy of matches and to adjudicate appeals. USCIS matching data will only be destroyed after the matching activity, appeals and audits involving the data have been completed as described under this Matching Program.

D. CMS FFE will restrict access to the results of the data match to Applicants or Enrollees, application filers, and Authorized Representatives of such persons; as well as to Agents and Brokers who have been authorized by the Applicant and are under agreement with the FFE. The FFE shall require the same or more stringent privacy and security standards as a condition of contract or agreement with individuals or entities, such as Agents or Brokers that; (1) gain access from the Exchange to PII submitted to an Exchange or (2) collect, use, or disclose PII gathered directly from Applicants or Enrollees while that individual or entity is performing the functions outlined in the agreement with the Exchange. *See* 45 CFR § 155.260, 42 CFR § 431, subpart F, including §§ 431.301, 431.302, 431.303, 431.305, and 435.945, and 457.1110.

E. Any individual who knowingly and willfully uses or discloses information obtained pursuant to this Agreement in a manner or for a purpose not authorized by Section 1411(g) of the ACA is potentially subject to the civil penalty provisions of Section 1411(h)(2) of the ACA, which carries a fine of up to $25,000 per person or entity per use

or disclosure.

F. CMS will not duplicate or re-disclose data provided by USCIS within or outside of CMS, except where described in this Agreement or authorized by applicable law.

X. RECORDS ACCURACY ASSESSMENTS

Pursuant to 5 U.S.C. § 552a(o)(1)(J), below is information on assessments made by CMS and USCIS on the accuracy of the records that will be used in the matching program.

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

USCIS currently estimates that information within its VIS database is 90-95% accurate, but continues to undertake various actions to further improve the quality of the VIS database. In addition, in cases where status is not confirmed through VIS, additional verification procedures are used, which if used by the Administering Entity allows USCIS to check all necessary indices and files before providing the immigration and citizenship information. This process includes procedures for USCIS to alert the relevant immigration record owner of errors it detects so the record owner may take appropriate corrective action.

XI. COMPTROLLER GENERAL ACCESS

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

XII. REIMBURSEMENT

Reimbursement for immigration status verifications USCIS performs under this Agreement is addressed under a separate billing agreement. This Agreement is subject to the availability of funds.

XIII. DURATION, MODIFICATION, AND TERMINATION

A. Effective Date: The Effective Date of this Agreement is October 1, 2018, provided that CMS reported the proposal to re-establish this matching agreement to the Congressional committees of jurisdiction and OMB in accordance with 5 U.S.C. § 552a(o)(2)(A) and (r) and OMB Circular A-108 and, upon completion of their advance review period, CMS published notice of the matching program in the Federal Register for a minimum of thirty days as required by 5 U.S.C. 552a(e)(12).

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

C. Renewal: The parties may, within three (3) months prior to the expiration of this Agreement, renew this Agreement for a period not to exceed twelve (12) months if CMS and DHS certify the following to their DIB:

1. The matching program will be conducted without change; and

2. The parties have conducted the matching program in compliance with the original agreement.

D. Modification: The parties may modify this Agreement at any time by a written modification, mutually agreed to by both parties. The proposed modified Agreement must be reviewed by HHS DIB counsel in OGC to determine if the change is significant and requires a new agreement.

E. Termination: This Agreement may be terminated at any time upon the mutual written consent of the parties. Either party may unilaterally terminate this Agreement upon written notice to the other party, in which case the termination will be effective ninety (90) days after the date of the notice, or at a later date specified in the notice.

F. Notwithstanding any other provision in the Agreement, DHS may suspend or terminate this Agreement without prior notice upon a determination by DHS that there has been a breach of system integrity or security by CMS or an AE that cannot be remedied.

XIV. PERSONS TO CONTACT

The USCIS contacts are:

1. Project Coordinator

   Jonathan Mills, Acting Chief
   Systematic Alien Verification for Entitlements (SAVE) Program
   Verification Division MS 2620
   United States Citizenship and Immigration Services
   131 M Street, NE, Suite 200
   Washington, DC 20529-2620
   Phone: (202) 306-9874
   Fax: (202) 443-0175
   E-Mail: Jonathan.M.Mills@uscis.dhs.gov

2. Safeguards and Recordkeeping Procedures

   Thomas Wolfsohn, Acting Policy Chief
   Systematic Alien Verification for Entitlements (SAVE) Program

Verification Division MS 2620
United States Citizenship and Immigration Services
131 M Street, NE, Suite 200
Washington, DC 20529-2620
Telephone: (202) 443-0161
E-Mail: Thomas.E.Wolfsohn@uscis.dhs.gov

Jennifer McCann, Management & Program Analyst
Systematic Alien Verification for Entitlements (SAVE) Program
Verification Division MS 2620
United States Citizenship and Immigration Services
131 M Street, NE, Suite 200
Washington, DC 20529-2620
Phone: (202) 604-0265
E-Mail: Jennifer.L.McCann@uscis.dhs.gov

3. Privacy Issues

Donald K. Hawkins
Privacy Officer
United States Citizenship and Immigration Services
131 M Street, NE, Suite 200
Washington, DC 20529-2620
Telephone: (202) 272-8000
E-Mail: Donald.K.Hawkins@uscis.dhs.gov.

A. The CMS contacts are:

1. Program Issues:

Elizabeth Kane
Acting Director, Verifications Policy & Operations Division
Eligibility and Enrollment Policy and Operations Group
Center for Consumer Information and Insurance Oversight
Centers for Medicare & Medicaid Services
7501 Wisconsin Avenue
Bethesda, MD 20814
Telephone: (301) 492-4418
E-mail: Elizabeth.Kane@cms.hhs.gov

2. Medicaid/CHIP Issues:

Greg McGuigan
Acting Director
Data and Systems Group
Center for Medicaid and CHIP Services

Centers for Medicare & Medicaid Services
7500 Security Boulevard
Mail Stop: S2-22-27
Location: S2-23-06
Baltimore, MD 21244-1850
Telephone: (410) 786-5002
Email: greg.mcguigan@cms.hhs.gov

3. Systems and Security:

Darrin V. Lyles
Information Security Officer, CIISG
CMS\OIS\CIISG
Consumer Information and Insurance Systems Group
7500 Security Boulevard
Baltimore, MD 21244
Phone: 410-786-4744
Mobile: 443-979-3169
E-mail: Darrin.Lyles@cms.hhs.gov.

4. Privacy and Agreement Issues:

Walter Stone, CMS Privacy Act Officer
Division of Security, Privacy Policy & Governance
Information Security & Privacy Group
Office of Information Technology
Centers for Medicare & Medicaid Services
Location: N1-14-56
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 7 86-5357
E-mail: Walter.Stone@cms.hhs.gov

Barbara Demopulos, Privacy Advisor
Division of Security, Privacy Policy & Governance
Information Security & Privacy Group
Office of Information Technology
Centers for Medicare & Medicaid Services
Location: N1-14-40
7500 Security Boulevard
Baltimore, MD 21244-1850
Telephone: (410) 786-6340
E-mail: Barbara.Demopulos@cms.hhs.gov

XV. LIABILITY

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

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

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

D. Nothing in this Agreement is intended, or should be construed, to create any right or benefit, substantive or procedural, enforceable at law by any third party against the United States, its agencies, officers or employees, or either Party.

E. Nothing in this Agreement shall be construed as a waiver of sovereign immunity against suits by third persons.

XVI. INTEGRATION CLAUSE

This Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all other data exchange agreements between the Parties that pertain to the disclosure of data between the USCIS and CMS for the purposes described in this Agreement. The parties have made no representations, warranties, or promises outside of this Agreement. This Agreement takes precedence over any other documents that may be in conflict with it.

XVII. APPROVALS

A. Centers for Medicare & Medicaid Services Program Official

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

Approved by (Signature of Authorized CMS Program Official)	
Jeff Grant Deputy Center and Operations Director Center for Consumer Information and Insurance Oversight Centers for Medicare & Medicaid Services	Date:

B. Centers for Medicare & Medicaid Services Program Official

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

Approved by (Signature of Authorized CMS Program Official)	
Timothy Hill Deputy Director Centers for Medicaid and CHIP Services Centers for Medicare & Medicaid Services	Date:

C. Centers for Medicare & Medicaid Services Approving Official

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

Approved by (Signature of Authorized CMS Approving Official)	
Emery Csulak, Director Information Security and Privacy Group, and Senior Official for Privacy Office of Enterprise Information Centers for Medicare & Medicaid Services	Date:

D. Department of Health and Human Services Data Integrity Board Official

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

Approved by (Signature of Authorized HHS DIB Official)	
Heather Flick **Acting Assistant Secretary for Administration, and** **Chairperson, HHS Data Integrity Board** **U.S. Department of Health and Human Services**	Date:

E. U.S. Citizenship and Immigration Services Approving Official

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

Approved By (Signature of Authorized USCIS Approving Official)	
Victoria Porto, Chief **Verification Division** **Immigration Records and Identity Services Directorate** **U.S. Citizenship and Immigration Services** **Department of Homeland Security**	**Date:**

F. Department Of Homeland Security Data Integrity Board Official

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

Approved By (Signature of Authorized DHS DIB Official)	
Philip S. Kaplan **Chief Privacy Officer and** **Chairperson of the Data Integrity Board** **U.S. Department of Homeland Security**	**Date:**

Attachment 1

DHS/USCIS and CMS CMA Cost-Benefit Analysis

ATTACHMENT 1

Centers for Medicare and Medicaid Services (CMS)

Marketplace Computer Matching Agreement (CMA)

Cost / Benefit Analysis (CBA)

For the Renewal of Eight Matching Programs in 2018

Prepared by:

Center of Consumer Information and Insurance Oversight (CCIIO), CMS

Dated January 31, 2018

COST-BENEFIT ANALYSIS FOR MARKETPLACE MATCHING PROGRAMS
JANUARY 31, 2018

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COST-BENEFIT ANALYSIS FOR MARKETPLACE MATCHING PROGRAMS
JANUARY 31, 2018

This cost benefit analysis (CBA) provides information about the costs and benefits of conducting the eight Marketplace matching programs, to support re-establishing those matching programs when the current agreements expire in 2018. The CBA demonstrates that monetary costs exceed $30.5 million, but does not quantify benefits sufficient to offset the costs. However, the CBA describes other benefits (under Key Element 3 and in the "Other Benefits and Mitigating Factors" section following Key Element 4) which justify Data Integrity Board (DIB) approval of the matching programs. As required by the Privacy Act at 5 U.S.C. 552a(u)(4)(B), Section III.B. of this matching agreement requests that the DIB determine, in writing, that a CBA (i.e., cost-effectiveness) is not required to support approval of the agreement and requests that the DIB approve the agreement based on the other stated justifications.

I. MATCHING OBJECTIVE

The objective of the marketplace matching programs is to make initial eligibility determinations, redeterminations and renewals for enrollment in a qualified health plan, insurance affordability programs, and to issue certificates of exemption to individuals who are exempt from the individual mandate to maintain health insurance coverage. For those consumers who request financial assistance, they will be determined eligible for an amount of advanced premium tax credits (APTC) and cost sharing reductions, Medicaid, CHIP or BHP, where applicable. The Exchange and Medicaid/CHIP agencies verify data elements dependent on the eligibility determination they are performing. These may include citizenship or immigration status, household income, access to non-employer-sponsored and/or employer-sponsored minimum essential coverage. Non-employer-sponsored coverage includes coverage through TRICARE, Veteran's Health Benefits, Medicaid, Medicare, or benefits through service in the Peace Corps. Employer-sponsored coverage for Federal Employee Health Benefits can be verified with the Office of Personnel Management. The matching programs provide a single streamlined process for making accurate and real-time assessments of each applicant's eligibility and affordable insurance options and ensuring that the consumer can enroll in the correct applicable State health subsidy program[1] or be properly determined to be exempt from needing coverage.

MATCHING PROGRAM STRUCTURE

The Patient Protection and Affordable Care Act, Public Law No. 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law No. 111-152 (ACA) requires that each State develop secure electronic interfaces for the exchange of data under a matching program using a single application form for determining eligibility for all State health subsidy programs.

[1] Section 1413(e) APPLICABLE STATE HEALTH SUBSIDY PROGRAM.—In this section, the term ''applicable State health subsidy program'' means—(1) the program under this title for the enrollment in qualified health plans offered through an Exchange, including the premium tax credits under section 36B of the Internal Revenue Code of 1986 and cost-sharing reductions under section 1402; (2) a State Medicaid program under title XIX of the Social Security Act; (3) a State children's health insurance program (CHIP) under title XXI of such Act; and (4) a State program under section 1331 establishing qualified basic health plans.

CMS has entered into eight matching agreements with other Federal agencies including Social Security Administration (SSA), Department of Homeland Security (DHS), Internal Revenue Service (IRS), Veterans Health Administration (VHA), Department of Defense (DoD), Office of Personnel Management (OPM), and the Peace Corps. In addition, CMS has developed a matching program that is executed with every State-based Administering Entity (AE)[2] State Medicaid agency and each State-based Marketplace. The Federal Data Services Hub (Hub) was designed to be the centralized platform for the secure electronic interface that connects all State Medicaid agencies, State-based Exchanges and the Federal data sources (TDS or trusted data source).

Without the Hub, each State AE would have to enter into a separate arrangement with each TDS to determine whether applicants for State health subsidy programs are eligible for coverage. If operations related to the matching program were conducted through separate arrangements outside of the Hub, CMS believes the costs to CMS, each TDS, the AEs, and consumers (applicants) would be greater than under the current structure.; Therefore, CMS intends to retain the existing matching program structure when it re-establishes the eight matching agreements, but with changes intended to make the matching programs compatible with the current CMS operations and data flow.

Beginning with the Open Enrollment Period for plan year (PY) 2019, CMS is implementing a program to allow Direct Enrollment (DE) entities (qualified health plan (QHP) issuers and web-brokers) in the Federally-facilitated Exchanges (FFE) and State-based Exchanges on the Federal Platform (SBE-FPs) to integrate an application for Marketplace coverage through the FFE with the standalone eligibility service (SES) to host application and enrollment services on their own website. The SES is a suite of application program interfaces (APIs) that will allow partners to create, update, submit, and ultimately retrieve eligibility results for an application. The Enhanced Direct Enrollment (EDE) pathway will replace the proxy DE pathway that CMS allowed DE entities to use for PY 2018. When using the EDE pathway, a DE entity will provide a full application, enrollment, and post enrollment support experience on its website, and must implement the full EDE application programming interface (API) suite of services.

BACKGROUND

CMS used the following assumptions in development of the cost benefit analysis (CBA):

- Because the ACA mandates use of computer matching and requires a single streamlined application process for consumers, the issue to address in the CBA isn't whether to conduct the matching programs, but how efficiently the matching programs are structured and conducted (i.e., how streamlined the eligibility determination process is for consumers, and whether the structure is less costly than an alternative structure).

[2] "Administering Entity" or "AE" means a State-based entity administering an Insurance Affordability Program. An AE may be a Medicaid agency, a Children's Health Insurance Program (CHIP), a basic health program (BHP), or a State-based Marketplace (SBM) established under Section 1311 of the ACA.

- The eight matching programs, when re-established, will use processes currently in place by the source agencies and entities known as the trusted data sources (TDS). The TDSs are IRS, DHS, SSA, OPM, Peace Corps, VHA, DoD, Current Sources of Income, and state based administering entities (AEs). In addition, several contractors provide a variety of support services to the Hub, such as Identity Proofing, trouble shooting, procedure writing, and maintenance support just to name a few.
- Private citizens (as potential beneficiaries) can apply for applicable State health subsidy programs on the basis of the private benefit and cost of applying. The private benefit from applying is the expected value of health insurance coverage (private insurance, Medicaid, CHIP or a Basic Health Plan) obtained through a State-based Exchange or through the Federally-facilitated Exchange in relation to the value of health insurance that could be obtained without the ACA defined American Health Benefit Exchange[3].
- CMS has internal costs related to the funding of CMS federal staff and associated resources to complete processes and responsibilities related to the matching programs.
- CMS has several internal cost centers that work on the Hub. Within CMS, these centers may be assisted by external contractors. This cost category is organized as an internal cost.
- CMS has external costs in the hiring, maintenance, and associated costs of contractors to perform numerous functions related to the Hub.
- CMS has several external cost factors related to the calculation of cost per transaction between a trusted data source and source agency, and CMS as the recipient agency. The cost of each data transaction is estimated from the prior year's matching program budget and the estimated number of data transactions.
- For the recovery of Improper Payments and Debts (Key Element 4), CMS is not currently utilizing the data match result from the matching programs for payment and debt reconciliations; however, the benefit of the match does provide the potential to implement this capability in the future.
- All annual personnel costs and savings are rounded to the nearest dollar.

[3] American Health Benefit Exchange is defined @ 1311(b)(1).

II. COSTS

A. Key Elements 1 and 2: Personnel Costs and Computer Costs

1. Costs for the recipient and source agencies are primarily personnel costs associated with maintenance and operations supported by information technology resources; therefore, Key Elements 1 and 2 are combined. ***Recipient Agency (CMS) Personnel and Computer Costs - $30.5 million (Total)***

Costs incurred by CMS for the Hub are estimated to total $30.5 million ($30,563,340) per year. That total includes internal costs of CMS staff and resources, and external costs to hire contractors to perform numerous functions related to the Hub, in order to obtain data from the source agencies and make the data available to AEs. It includes a portion of the costs CMS pays for the services described in subsections 1.a. through 1.h. below (not all of those costs have been quantified). It also includes $9,287,587 for costs CMS reimburses to some of the source federal agencies (TDS).

Cost estimates are based on established definitions and practices for program and policy evaluation.[4] CMS estimated the number of hours for its staff to complete the systems changes based on experience with other systems adjustments of similar magnitude. CMS also collected cost estimates provided by its current contractors for this proposed effort.[5]

a. Marketplace Security Operations Center (SOC) – $8.5 million (subtotal)

The marketplace SOC is responsible for the security operations and maintenance for Healthcare.gov. In total, more than 130 people work in data security; about 100 are contractors and 35-38 are federal employees. One midlevel contractor costs $150,000 per year and a senior contractor costs $200,000 per year. On the federal side the most common civil service grade is GS-13, which costs around $100,000 to $110,000 per year, not including benefits. The current cost of all Healthcare.gov data security is $8.5 million per year.[6] The Healthcare.gov data

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[4] E.J. Mishan, Cost-Benefit Analysis: An Introduction, New York: Praeger Publishers, 1971. Also see U.S. Office of Management and Budget, OMB Circular No. A-94 Revised, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, October 29, 2002.

[5] For personnel costs, CMS used publicly available wage data from the Bureau of Labor Statistics (BLS: www.bls.gov/oes/current/oes_nat.htm) for May 2016, which is the most current data available at the time in which this cost benefit analysis was drafted, for Medicare plan and contractor personnel (i.e., third party) rates. To estimate the government staff personnel costs, CMS used the 2017 salary table with locality of pay for the Washington, D.C., Baltimore, MD and Northern Virginia area from the Office of Personnel Management (www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2015/DCB_h.pdf).

[6] The cost of data security was provided to us by CMS as a lump-sum amount. When we performed independent calculations of federal salaries we used the following information for FY2018.

GS Grade	Hourly Rate	Annual Cost
GS11	$56.49	$108,461
GS12	$67.71	$130,003

security budget is not itemized by matching program; therefore, the matching program costs to the marketplace SOC are not quantifiable.

b. Exchange Operations Center (XOC) - $18.4 million (subtotal)

The Exchange Operations Center (XOC) is an internal group in CMS that manages the Hub contract. XOC's costs are significant given that the proposed appropriation for exchange operations (not including user fees) in the FY 2018 federal budget was $18.4 million.[7] At the time of this report we were unable to secure an exact budget amount for the XOC outlay in 2017.

c. Other CMS Centers - $1.7 million (subtotal)

Using information on federal salaries and personnel time devoted to the Hub, we calculated that the direct costs of other CMS centers are $1,710,400 per year. This information is shown in Table 1:

Table 1: Direct Costs of Other CMS Centers

Center	Annual Cost
Eligibility and Enrollment (E&E)	$658,682
SMIPG (State Policy)	$278,740
Marketplace Information Technology (MITG/HUB)	$538,272
Marketplace Information Technology (MITG/STATE)	$234,707
Total	**$1,710,400**

Source: Authors' calculations based on Federal salaries and benefits applied to personnel time provided by CMS

d. Hub Support - $352,940 (subtotal)

CMS contracts with a support vendor to perform numerous tasks related to the Hub, including writing procedures and standards and general trouble-shooting. Over time, the support contractor's role has tapered off so they currently have two subcontractors working 25 hours per

GS13	$80.52	$154,598
GS14	$95.15	$182,688
GS15	$111.93	$214,906

The hourly rate for each GS grade is "fully loaded" (it includes all wages and benefits, such as pay for time not worked). We used 1,920 hours of work time per year to derive the annual cost of each GS grade.

[7] https://www.cms.gov/About-CMS/Agency-Information/PerformanceBudget/Downloads/FY2018-CJ-Final.pdf, Page 5.

week and 1 hour per week, respectively, at CMS. The current value of the support contract is approximately $352,940 per year ($227 hourly rate with 15 percent overhead, 52 weeks per year.

e. Hub Operations – Monetary, but not quantified

CMS contracts with a vendor to provide service-oriented activities for the Hub. We assume that the associated costs are significant given that the original cost of the Hub in 2013[8] was $55 million. It is likely that the Hub has become more efficient since that time. At the time of this report we were unable to secure an exact budget amount for the Hub operations vendor outlay in 2017.

f. Marketplace Systems Integrator (MSI) – Monetary, but not quantified

CMS contracts with a vendor to provide integration support across all FFE systems to include the Hub. We were not able to determine the value of this contract.

g. Current Sources of Income– Monetary, but not quantified

The IRS is the primary source of income data to verify eligibility for subsidy programs under the ACA. Despite the importance of these data, they have some limitations. Income reported to the IRS is based on tax filings, therefore; there is a time lag on income verification. Some individuals do not file income tax returns and others have changed their filing status. In contrast, insurance coverage is always prospective. Individuals are asked on their application about their current income, which may not match the retrospective IRS income data.

To overcome the limitations of IRS data, CMS works with a contractor to provide a commercial sources of current income to the FFE and States. While the funding amounts are not publically available they were included in the cost analysis of this project.

h. Identity-Proofing Services – monetary, but not quantified

Another consumer credit reporting agency is accessed via the Hub for "remote identity proofing" (RIDP). Even though a person has a form of identification, there needs to be an identity check so SSA knows the person's identification has been validated. RIDP is typically completed before a person can submit an online application, and while it is not an eligibility requirement it is a way to confirm people are who they say they are.[9] CMS pays a fee per transaction for RIPD, but we did not have access to this information.

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[8] https://www.reuters.com/article/usa-healthcare-hiring/insight-it-takes-an-army-tens-of-thousands-of-workers-roll-out-obamacare-idUSL2N0EW28820130621?feedType=RSS&feedName=marketsNews&rpc=43

[9] T. Shaw and S. Gonzales, "Remote Identity Proofing: Impacts on Access to Health Insurance," Center on Budget and Policy Priorities, January 7, 2016.

2. ***Source Federal Agency (TDS) Costs Not Reimbursed by CMS – monetary, but not quantified***

CMS does not reimburse costs incurred by IRS, DoD, and Peace Corps to supply data to the Hub, and has no information about their costs.

(Costs incurred by SSA, DHS, VHA, and OPM are reimbursed by CMS under contracts which charge a total amount per Fiscal Year. The total contract cost for FY2017 is $9,287,587, which is included in CMS's costs, in 1.above. That figure is not included here, to avoid double-counting.)

3. ***State Administering Entity (AE) Costs – monetary, but not quantified***

Any and all personnel and computer costs associated with the matching program with State AE are absorbed by CMS. The costs were not quantifiable.

4. ***Medicare Drug and Health Plans' Costs***

Any and all personnel and computer costs associated with the matching program with Medicare Drug and Health Plans are absorbed by CMS. The costs were not quantifiable.

5. ***Client (Applicant) Costs – non-monetary; quantified as $1.46 billion ($87.63 per applicant)***

Costs incurred by consumers to shop and then apply for and enroll (or re-enroll) in a qualified health plan each year are time related costs, which are estimated to average 3.965 hours per applicant and $22.10 per hour, or $87.63 per applicant per year. Multiplied by the number of enrollees projected for 2018 (approximately 12 million), this totals $1.46 billion per year. Only approximately 72% of those who start an application actually get marketplace coverage. Time costs for those who shop for but do not apply, and for those who apply but do not enroll, are not counted.

III. BENEFITS

A. Key Element 3: Avoidance of Future Improper Payments

1. Benefits to Agencies – not quantified

Costs incurred by CMS are Benefits to Agencies:
The Marketplace matching programs' eligibility determinations and eligibility verifications result in improved accuracy of beneficiary eligibility data ensuring that individuals enrolled in Medicaid, are not enrolled in a Qualified Health Plan (QHP). Improved data quality helps ensure that eligibility determinations and other decisions affecting advanced premium tax credits (APTC) affecting are accurate, which helps avoid future improper payments.

The matching programs improve the accuracy of beneficiary eligibility data as follows:

- **Multi-faceted attestation of beneficiary eligibility data.** Using matching data supplied by the eight trusted data sources for attestation in combination with an individual applicant's attestation of his or her personal information is more reliable than relying solely on applicant attestations. Due to the potential and historical presence of identity fraud, the utilization of matching programs minimizes the risk of incorrect personal information being presented and used to make eligibility determinations; therefore, preventing the incorrect dispersal of federal subsidy program benefits.
- **Verification and contest procedures**. The "verification and opportunity to contest findings" requirements specified in the Marketplace matching agreements, which are required by subsection (p) of the Privacy Act (5 USC 552a(p)), also improve data quality, thereby ensuring accurate eligibility determinations and other decisions, and avoiding improper payments. Before an Administering Entity (AE) may take any adverse action based on the information received from the match, the individual must be permitted to provide the necessary information or documentation to verify eligibility information. When an AE determines that an individual is ineligible for an Insurance Affordability Program based on the information provided through the match, and that information is inconsistent with information provided on the streamlined eligibility application or otherwise by an Applicant or Enrollee, the AE will comply with applicable law and will notify each Applicant, or Enrollee of the match findings and provide the following information: (1)The Administering Entity received information that indicates the individual is ineligible for an Insurance Affordability Program; and (2) the Applicant, or Enrollee has a specified number of days from the date of the notice to contest the determination that the Applicant or Enrollee is not eligible for the relevant Insurance Affordability Programs.

*2. Benefits to Clients (Applicants who Enroll or Re-Enroll) – quantified as $*45.378 *billion*

The approximately 72% of applicants whose eligibility for coverage is determined through these matching programs and who enroll or re-enroll in a qualified health plan will receive a government subsidy (APTC) worth an approximate average of $3,020 per year per enrollee. Multiplied by the number of enrollees/re-enrollees projected for 2018 (12 million), this subsidy benefit totals $45.378 billion per year.

3. Benefits to the General Public – not quantified

An efficient application process may contribute to greater numbers of consumers enrolling in qualified health plans. Fewer uninsured patients helps reduce health care costs borne by taxpayers, because patients without insurance coverage might seek treatment in hospital settings for conditions which are less costly to treat in other settings (such as, in a doctor's office) and might delay treatment until their conditions worsen, and require more extensive health care services.

B. Key Element 4: Recovery of Improper Payments and Debts – not applicable

Key Element 4 is not applicable, because data from the Marketplace matching programs is not currently used to identify and recover improper payments and debts, as this is not a primary goal of the matching programs. Annual reconciliation and recovery of improper tax payments are performed by the IRS through a process that is independent of the Marketplace matching programs and other CMS eligibility determination activities. While the Marketplace matching programs could provide for annual and monthly reporting of data by Marketplaces to the IRS and consumers for the purpose of supporting IRS's annual reconciliation, annual and monthly reporting is not currently an activity covered in the IRS-CMS CMA; rather, that information is exchanged between the agencies through Information Exchange Agreements. At most, the data used in the Marketplace matching programs has the future potential benefit of being used in an analytical form, to assist IRS in identifying and/or recovering improper payments and debts.

IV. OTHER BENEFITS AND MITIGATING FACTORS WHICH JUSTIFY THE MATCHING PROGRAMS

The Marketplace matching programs are required and are not discretionary. The matching programs are an operational dependency of the HUB even if they are not cost-effective.

The current structure of the Marketplace matching programs has been successful for operational needs. It is providing a single streamlined application process for consumers, and is providing accurate adjudication in eligibility determinations and MEC checks, which presumably contribute to increased enrollments in qualified health plans. However, the application process needs to be made more efficient for consumers, because applicants' time costs currently are much larger than the government subsidy per person.

CMS believes the current structure is less duplicative and therefore less costly for CMS, CMS partners, and State AEs, than the alternative structure (requiring each State AE to enter into separate matching arrangements with each TDS). CMS believes separate arrangements would involve:

- More agreements to prepare and administer (there would be one agreement per AE with each TDS, in place of one agreement per AE with CMS, and one agreement per TDS with CMS);
- More TDS data transmissions to effect and secure (there would be one TDS transmission per AE, in place of each single TDS transmission to the Hub);
- More systems to maintain and secure, to store the TDS data (there would be one system per AE, in place of the single, central Hub system); and
- More copies of TDS data to correct when errors are identified (there would be one copy to correct in each AE system, instead of the single copy in the Hub system).

Continuing to use the current matching program structure, which is less costly than the alternative structure and achieves the primary goals of providing a single streamlined application process and accurate eligibility determinations, is expected to increase the public's trust in the participating agencies as stewards of taxpayer dollars.

Modifying the application process when the matching programs are re-established in 2018 to include a phased roll out of enhanced direct enrollment (EDE) will make the application process

more efficient for consumers who opt to apply for coverage through third party websites instead of through healthdata.gov. The majority usage of EDE (50%+) by the public, will reduce costs of all Hub programs by at least 20 percent.

V. DETAIL SUPPORTING CMS AND TDS COSTS (FY2018)

TDS Costs Reimbursed/Not Reimbursed by CMS
We attempted to determine the cost to each TDS of supplying data to the Hub. However, we were not able to determine these costs except at the Social Security Administration (SSA). Consequently, we analyzed how much CMS paid each TDS for the data transactions.

Table 2: TDS Costs and Transactions Reimbursed by CMS (FY2018)

Agency	Contract Cost	Transactions	Cost/Transaction
SSA	$3,277,205	215,534,872	$0.01520
DHS	$3,989,359	8,795,473	$0.45357
VA	$2,006,623	90,738,087	N/A
OPM	$14,400	23,170,916	N/A
Peace Corps	No reimbursement contract	unknown	unknown
IRS	No reimbursement contract	Unknown	unknown
DoD	No reimbursement contract	Unknown	unknown
Total / Total / Average	**$9,287,587**	**338,239,348**	**$0.02746**

Source: Authors' calculations applied to data from the Social Security Administration and CMS

a. Social Security Administration (SSA)

The SSA is the source of numerous data elements for the Hub: verification of the applicant's name, date of birth, citizenship, Social Security Number (SSN), a binary indicator for incarceration,[10] and Title II income (retirement and disability).

This is accomplished through a reimbursable agreement with CMS valued at $2,052,087 in FY2017 and estimated at $3,277,205 in FY2018. The amount is first estimated and then is billed at actual cost on a quarterly basis, so that the total bill at the end of the fiscal year equals SSA's actual cost for that year. For example, the estimated cost for FY2017 was $2,969,325 versus the actual billed cost of $2,052,087. If this pattern continues, the actual billed amount in FY2018 will be less than the estimate. Past bills "always" have been less than the estimates, according to a personal communication from SSA.

Because the SSA is a source of numerous data elements for the Hub, it had 215,534,872 transactions in FY2018, the highest volume of transactions from any TDS. This is shown in Table 2 above.

Using the estimated FY2018 cost of the contract, the average cost per transaction with the SSA is about 1.5 cents. We expect that the actual cost per transaction will be less than 1.5 cents when actual FY2018 costs are billed.

[10] Individuals in prison are not eligible for ACA benefits.

We attempted to break down SSA's cost into fixed and variable costs. However, we found that SSA (and other TDSs) does not keep records in that format. Instead, SSA provided a categorical breakdown of the estimated FY2018 cost: $2,637,758 for systems support, $637,704 for operations support, and $1,743 for an annual renewal fee. The last item might be considered as fixed, but it is a very small part of the total cost. Therefore, we considered all of SSA's costs to be variable.

If the SSA were not a Trusted Data Source, CMS believes it would be very difficult to find an alternative data source. For example, self-verification of Social Security Numbers (SSNs) would invite a high incidence of fraud (e.g., using another person's number). If SSA did not provide information on incarceration, prisons might provide it, but this would be on a voluntary basis. The Department of Justice (DOJ) is also a possible source of information on incarceration, but SSA is not sure how DOJ keeps this information.

b. Department of Homeland Security (DHS)

The DHS is the verification source for naturalized and derived citizenship, and immigration status. The total cost of the DHS contract with CMS was $3,938,359 in FY2018, and there were 8,795,473 transactions. There are standard fees associated with using SAVE. There are up to 3 steps in the SAVE verification process: Step 1 is a real-time "ping" to their system. Consumers who could not be successfully verified may go to Step 2, which takes 3-5 federal working days in which a Status Verifier conducts additional database research on the data entered by the agency representative. Step 3 requires submission of electronic copies of the applicant's immigration documents. Upon receipt of this documentation, a Status Verifier researches the data and documentation and verifies status.

c. Veterans Health Administration (VHA)

The VHA contract with CMS is transactions-based, but the formula is not transparent. The cost of the VHA contract was $2,006,623 in FY2018. There were 90,738,087 transactions, for an average cost of approximately 2.2 cents.

d. Office of Personnel Management

OPM charges a flat fee of $14,400 per year for the development and submission of an Annual Premium Index File which is used to calculate affordability when a consumer is found to be in the monthly enrollment file.

e. Other Trusted Data Sources

CMS does not pay the other Trusted Data Sources (IRS, DoD, and Peace Corps). Clearly, these agencies incur costs of providing the data, but we were not able to quantify these subsidies.

VI. CONCLUSION

For the Hub to provide a net benefit, it must provide incremental benefits that exceed the incremental costs of using the Hub. The principal question of this analysis is whether the net benefit would be positive, negative, or neutral and what incentive is provided by each combination. Our analysis finds the estimated net benefit of the Hub in 2017 is $45.378 billion. This assumes 12 million people using the Hub. Further, we find that the net benefit will be larger as more people use the Hub.

One of the major policy considerations is whether any of the proposed changes to the ACA would impact the costs and benefits of the Hub. Our analysis suggests that the benefits outweigh the costs of the Hub given the increase in private insurance coverage through the ACA.

Policy reforms already signed into law will impact the CBA results. For example, the 2017 tax reform legislation includes a provision that will repeal the individual mandate in 2019. This will have an impact on the demand for health insurance and, as a consequence, on our CBA analysis. The subsequent appendices provide further detail on the marketplace matching program benefits, including an analysis of the planned EDE program and the net benefit analysis and justification of costs.

VII. APPENDIX A: DETAILS SUPPORTING OTHER BENEFITS AND MITIGATING FACTORS – THE FUTURE STATE OF EDE AND MARKETPLACE

CMS has released data on the number of people who have enrolled in plans for 2018 coverage in the 39 state exchanges that use the HealthCare.gov platform. As of December 15, 2017, 8,822,329 people had made plan selections.[11] The total tally of enrollment, including states that use their own platforms, was not available at the time of this report. Many of the state-based marketplaces are still running open enrollment. Charles Gaba of ACASignups.net has run his own operation to verify enrollment levels in state-based marketplaces and estimates that total enrollment will reach at least 11.6 million and possibly 12 million people in 2018.[12]

If we assume marketplace enrollment of 12 million and a conversion ratio of 72 percent (see footnote 20), we can solve for the number of people who begin an application: 12,000,000/0.72 = 16,666,667. If each of these people "spends" $87.63 in applying, the total time cost of Hub users is $1.46 billion.[13]

While CMS will place a number of restrictions on the proxy direct enrollment process to "…minimize risk to HealthCare.gov functionality and of eligibility inaccuracies," it eliminates "…the currently required consumer-facing redirect with Security Assertion Markup Language (SAML) for all individual market enrollment transactions for coverage offered through the Federally-facilitated Exchanges (FFEs) and State-Based Exchanges on the Federal Platform (SBE-FPs) that rely on HealthCare.gov for individual market eligibility and enrollment functions." This change will shorten the time necessary for consumers to set up accounts on the Exchanges and allow agents, including health insurers and brokers, who are assisting consumers, to collect consumer information on 3rd party websites and input that information directly into HealthCare.gov.

Both of these changes have the potential to change the results, and possibly the conclusions, of our cost-benefit analysis presented in the previous sections. The elimination of consumer-facing redirect with SAML will provide an immediate reduction in the shopping enrollment time for all consumers – both those using the traditional exchanges and those using the new direct enrollment process. We currently have no estimate of the shopping enrollment time savings because of this change but it is not inconsequential. Even a 10 minute reduction results in a 4% reduction in opportunity cost. However, as noted above, this change applies to both pathways equally and simply reduces the opportunity cost of all consumers regardless of pathway.

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[11] Centers for Medicare and Medicaid Services, "Weekly Enrollment Snapshot: Week Seven," December 21, 2017; available at https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-12-21.html.

[12] Charles Gaba, ACASignups.net; available at http://acasignups.net/17/12/21/multiple-updates-hey-trump-repeal-116m-qhps-confirmed-likely-120m-when-dust-settles.

[13] People who start an application but fail to complete it may spend more or less time than those who complete the application. We do not have data to make this adjustment.

Unlike the elimination of the SAML requirement, the ability to input data directly into HealthCare.gov through 3rd party websites poses a possible asymmetry. Information gathered by the authors' suggests that 3rd party sites may yield a reduction of 30 percent or more in shopping enrollment time compared with using HealthCare.gov.

Using the results presented in the previous sections of this report we simulated the effect of this change on the consumers' opportunity cost. We modeled a 5, 10 and 15 minute reduction in shopping enrollment time due to the elimination of the SAML requirement. In this simulation we do not distinguish between the HealthCare.gov site and 3rd party sites because either could be more efficient in terms of the time a consumer spends on the site. Results are shown in Table 6.

Table 6: Consumer Opportunity Cost by Reductions in Shopping Enrollment Time

Current Opportunity Cost						**$87.63**
	% Reduction in Shopping Enrollment Time Due to Increase in Web Site Efficiency					
	20%	25%	30%	35%	40%	Current State of Affairs
5 min*	$70.46	$66.16	$61.87	$57.57	$53.28	$85.87
10 min*	$70.81	$66.60	$62.39	$58.19	$53.98	$84.12
15 min*	$71.16	$67.04	$62.92	$58.80	$54.68	$82.37

* Minutes reduced from elimination of SAML requirement

Recall that our model currently estimates a per person opportunity cost of $87.63 or $1.46 billion for all Hub users. Following the same approach as before – assuming marketplace enrollment of 12 million and a conversion ratio of 72 percent, we calculated the total time cost of Hub users under the time savings shown in Table 6. These results appear in Table 7.

Table 7: Total Opportunity Cost by Reductions in Shopping Enrollment Time

Total Current Opportunity Cost (in billions)						**$ 1.46**
	Total Opportunity Cost due to Web Site Efficiencies (in billions)					
	20%	25%	30%	35%	40%	Current State of Affairs
5 min*	$ 17.17	$ 21.47	$ 25.76	$ 30.06	$ 34.35	$ 1.43
10 min*	$ 16.82	$ 21.03	$ 25.24	$ 29.44	$ 33.65	$ 1.40
15 min*	$ 16.47	$ 20.59	$ 24.71	$ 28.83	$ 32.95	$ 1.37

* Minutes reduced from elimination of SAML requirement

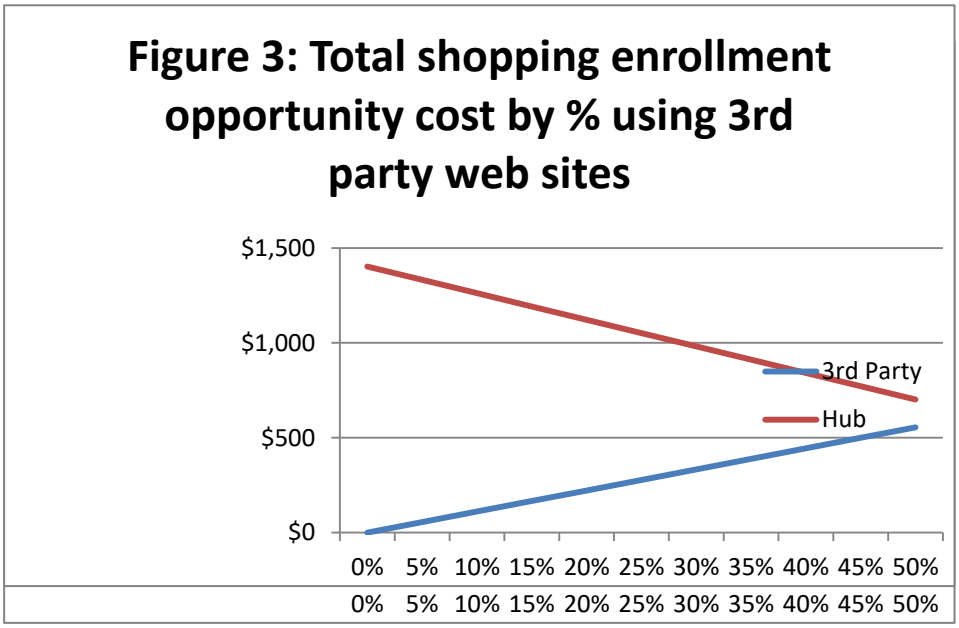
There are at least two pertinent indirect effects of these changes that could affect our cost-benefit results. Both are related to the effect of differential migration of consumers to 3rd party web sites. The first is based on the observation that 3rd party web sites might be more efficient, and therefore less costly in terms of shopping enrollment time. This would lower the consumer's opportunity costs. Below we examine both the marginal effect of differential enrollment and the extreme case of total migration to 3rd party web sites.

To estimate the total consumer opportunity cost due to differential migration to 3rd party web sites, we assumed a 10% reduction in shopping enrollment time due to the removal of the SAML requirement and a subsequent 25% reduction in shopping enrollment time for those using 3rd party web sites. We assumed that the exchange sites saw no changes except for the removal of the SAML requirement. We examined various proportions of consumers using 3rd party web sites and compared the savings in total opportunity costs. The results are shown in Table 8 and convergence is illustrated in Figure 3.

Table 8: Total Shopping Enrollment Time Opportunity Cost by % Using 3rd Party Web Sites

	Shopping Time Opportunity Costs (in millions)			% Reduction in Opportunity Costs
% using 3rd Party Web Site	3rd Party Web Site	Hub	Total	
0%	$ -	$ 1,402	$ 1,402	
5%	$ 55	$ 1,332	$ 1,387	1.0%
10%	$ 111	$ 1,262	$ 1,373	2.1%
15%	$ 166	$ 1,192	$ 1,358	3.1%
20%	$ 222	$ 1,122	$ 1,344	4.2%
25%	$ 277	$ 1,052	$ 1,329	5.2%
30%	$ 333	$ 981	$ 1,314	6.2%
35%	$ 388	$ 911	$ 1,300	7.3%
40%	$ 444	$ 841	$ 1,285	8.3%
45%	$ 499	$ 771	$ 1,271	9.4%
50%	$ 555	$ 701	$ 1,256	10.4%

At 100% use of 3rd party web sites the total opportunity costs is reduced by 21% or $292 million.



The second indirect effect of a decrease in shopping costs is that the *total* cost of private insurance in the ACA marketplaces will decrease. This will increase the demand for marketplace coverage, both under current law and under alternative scenarios considered in a following section of our report. As the migration to less expensive 3rd party web sites increases, the second

indirect demand effect will be larger. This effect can be modeled with reasonable confidence and will be included in our 10-year analysis of marketplace enrollment under current law and alternative scenarios.

There appears to be a tendency for those at lower income levels to use guides/navigators and to complete enrollment at higher rates than the population as a whole. Sommers and his colleagues report an 87.3 percent rate of enrollment for a sample of low income individuals in three states with 38 percent receiving assistance from a navigator or social worker (see footnote 20). At this time, it is unclear how the latter will affect migration to navigators/brokers and health issuers who use 3rd party web sites, but it is clear that higher rates of completion due to lower opportunity costs could have an impact on our base model, especially through increased use of tax credits and CSR payments. Neither of these effects can currently be estimated with any reasonable level of confidence.

VIII. APPENDIX B: DETAILS SUPPORTING OTHER BENEFITS AND MITIGATING FACTORS – THE NET BENEFIT OF HUB USE

In the previous section, we concluded that the social marginal costs of using the Hub exceed the private marginal costs, but not by a large amount. Furthermore, we are not able to quantify the external benefits of using the Hub (i.e., avoidance of future improper payments and recovery of improper payments and debt). This means that the net benefit of Hub use will be determined where the private marginal benefits (PMB) and private marginal costs (PMC) are equal, at an enrollment of 12 million people.

This cost-benefit model resembles Figure 4. Area 0BCQ is the cost of using the Hub for those who get covered, which we estimate as $87.63 x 12 million people = $1,051,560,000. The net benefit of the Hub is area ABC. To account for the time cost of people who start the application process but do not get covered, we will subtract $87.63 x 4,666,667 people = $408,940,029 from the net benefit.

Marginal Benefits and Costs

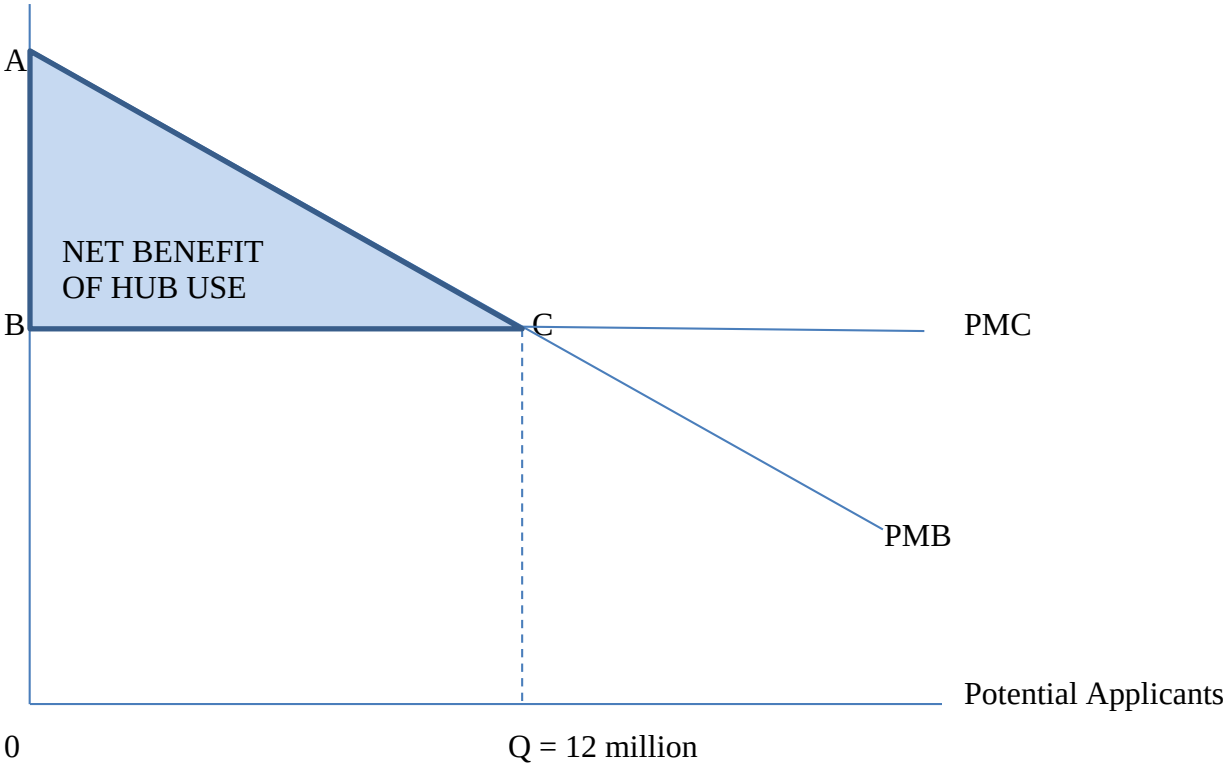


Figure 4: Revised Net Benefit of Hub Use

The size of the net benefit depends on how the demand for insurance responds to the price of coverage. Inelastic demand (less price-responsiveness) implies that the net benefit is larger, and *vice versa*. According to our calculations, the demand for insurance is relatively inelastic and the

net benefit is large. Table 9 shows the net benefit of using the Hub to obtain insurance by income class:

Table 9: Net Benefit of Hub Use by Income Class

Income (FPL)	Net Benefit per Person in 2017$	% of Individuals with 2017 Plan Selection through the Marketplaces in States using HealthCare.gov	Net Benefit in $1,000,000$
<100%	$3,547	3	$1,277
100% to 200%	$3,019	56	$20,290
200% to 300%	$5,811	22	$15,342
300% to 400%	$4,645	9	$5,017
>400%	$2,877	10	$3,452
Total		**100**	**$45,378**

Source: Authors' calculations assuming 12 million people have marketplace coverage

The average net benefit per person of marketplace coverage ranges from $2,877 (>400% of poverty) to $5,811 (200% to 300% of poverty). Assuming that 12 million people obtain marketplace coverage, we estimate that the total net benefit in 2017 is $45.378 billion. This value dwarfs the cost of using the hub and the cost of those who start an application but do not get covered.