

**COMPUTER MATCHING AGREEMENT
BETWEEN
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
AND
THE DEPARTMENT OF WAR
DEFENSE MANPOWER DATA CENTER
FOR VERIFICATION OF
ELIGIBILITY FOR MINIMUM ESSENTIAL COVERAGE
UNDER THE PATIENT PROTECTION AND AFFORDABLE CARE ACT
THROUGH A DEPARTMENT OF WAR HEALTH BENEFITS PLAN**

CMS Computer Matching Agreement No. 2025-07
DoW-DMDC No.18 Re-Establishment

Effective Date: May 30, 2026
Expiration Date: November 29, 2027

I. PURPOSE, LEGAL AUTHORITIES AND DEFINITIONS

A. Purpose

The purpose of this Computer Matching Agreement (“Agreement”) is to assist the Department of Health and Human Services (HHS), Centers for Medicare & Medicaid Services (CMS) in determining individuals’ eligibility for financial assistance in paying for private health insurance coverage. Through this matching program, the Department of War (DoW), Defense Manpower Data Center (DMDC), provides CMS with data verifying whether an individual who is applying for private health insurance coverage under a qualified health plan (QHP) is eligible for coverage under a DoW health plan. CMS, in its capacity as operator of the Federally-facilitated Exchange (FFE) and the Federal enrollment and eligibility platform, and state-based Administering Entities (AEs) will use DoW’s information to verify an Applicant’s eligibility for or enrollment in Minimum Essential Coverage (MEC) through a qualifying TRICARE Health Care Program for the purpose of making Eligibility Determinations, including Eligibility Determinations for which HHS is responsible under 45 Code of Federal Regulations (CFR) § 155.302.

CMS will make the data provided by DoW available to the FFE and AEs through a data services hub (“the Hub”) to use in determining the Applicant’s eligibility for Insurance Affordability Programs (IAPs), including advance payments of the premium tax credit (APTC) and cost-sharing reductions (CSRs), in paying for private health insurance coverage. Most DoW health plans provide MEC, and eligibility for such plans generally precludes eligibility for financial assistance.

The Privacy Act of 1974, as amended (in particular, by the Computer Matching and Privacy Protection Act of 1988 (CMPPA) (Public Law 100-503)), requires the Parties participating in a matching program to execute a written agreement specifying the terms and conditions under which the matching program will be conducted. CMS has determined that use of DoW data by CMS and AEs constitutes a "matching program" as defined in the CMPPA.

DoW will provide match results to CMS; the DoW component responsible for the disclosure is the DMDC. Accordingly, DoW/DMDC is the Source Agency in this matching program, as defined by the Privacy Act at 5 U.S.C. § 552a(a)(11). HHS/CMS is the Recipient Agency in this matching program, as defined in 5 U.S.C. § 552a(a)(9), and will be responsible for publishing the Federal Register (FR) Notice required by 5 U.S.C. § 552a(e)(12). DoW acknowledges that AEs, which include State-based Exchanges (SBEs)¹ and Basic Health Programs (BHPs), will use DoW data, accessed through the Hub, to make Eligibility Determinations.

By entering into this Agreement, the Parties agree to comply with the terms and conditions set forth herein and the applicable law and implementing regulations. The terms and conditions of this Agreement will be carried out by authorized officers, employees, and contractors of HHS/CMS and DoW/DMDC. The terms and conditions under which AEs may receive and use DoW data will be set forth in a separate agreement between CMS and the AEs.

B. Legal Authorities

The following statutes 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 of 1974, as amended (5 U.S.C. § 552a), and implementing 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 FR 94424 (December 23, 2016); and OMB guidance pertaining to computer matching published at 54 FR 25818 (June 19, 1989).
2. Under the authority of the Patient Protection and Affordable Care Act (Public Law (P. Law) No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (P. Law No. 111-152) (collectively, the PPACA) and the implementing regulations, certain individuals are eligible for certain

¹ Since January 1, 2014, consumers in every state (including the District of Columbia) have had access to health insurance coverage through Health Insurance Exchanges operated by State-based Exchanges (SBEs) or by the Federal government through the Federally-facilitated Exchange. SBEs have adopted various names for their programs (e.g., Kentucky's 'kynect' or California's 'Covered California') but they are still Exchanges as established under sections 1311(b) and 1311(d)(1) or 1321(c)(1) of the PPACA.

financial assistance in paying for private insurance coverage under a QHP when enrollment is through an Exchange. Such assistance includes APTC, under 26 U.S.C. § 36B, § 1412 of the PPACA, and CSRs under § 1402 of the PPACA.

3. Section 36B(c)(2) of the Internal Revenue Code of 1986 (IRC), as added by § 1401 of the PPACA, provides that an individual is ineligible for APTC if that individual is eligible for other MEC as defined in 26 U.S.C. § 5000A(f) (such as the coverage under TRICARE Health Care Programs), other than MEC described in 26 U.S.C. § 5000A(f)(1)(C). Section 1402(f)(2) of the PPACA provides that an individual is not eligible for CSRs unless the individual is also eligible for the premium tax credit for the relevant month.
4. Section 1331 of the PPACA authorizes the BHP and § 1331(e)(1)(C) requires each state administering a BHP to verify whether an individual is eligible for other MEC as defined in 26 U.S.C. § 5000A(f), such as coverage under TRICARE Health Care Programs (45 CFR § 155.320(d)).
5. Section 1411 of the PPACA requires the Secretary of HHS to establish a program to determine eligibility for an individual to purchase a QHP through an Exchange and to determine eligibility for APTC and CSRs. Under 45 CFR § 155.302 and § 155.305, the eligibility determinations for APTC and CSRs may be made by an Exchange or HHS. CMS carries out HHS' responsibilities "through" the Exchanges. The system established by HHS under § 1411(c)(4)(B) and (d) of the PPACA to determine eligibility for APTC and CSRs requires an Exchange to verify whether an individual is eligible for other MEC, such as coverage under a qualifying TRICARE Health Care Program, by sending the individual's identifying information to HHS for HHS to compare to relevant records to rule other MEC in or out.
6. CMS facilitates the verification against DoW data, and a response with the result of that verification attempt is sent to the entity that determines eligibility for APTC and CSRs.
7. Under the authority of sections 1311, 1321, and 1411(a) of the PPACA, the Secretary of HHS adopted regulations, 45 CFR § 155.330, which further address the requirements for an Exchange to determine eligibility for enrollment in a QHP through an Exchange and for APTC and CSRs during the benefit year based on certain types of changes in circumstances.
8. Section 1411(f) of the PPACA sets forth the appeals authority.
9. Health plans are only permitted to use or disclose protected health information (PHI), such as eligibility and enrollment information, as permitted or required by the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule. Among other things, the HIPAA Privacy Rule

(45 CFR § 164.512(k)(6)) permits a health plan that is a government program providing public benefits, such as TRICARE, to disclose eligibility and enrollment information to an agency administering another government program providing public benefits if the disclosure is required or expressly authorized under regulation or statute. 45 CFR § 155.320(b)(2) expressly authorizes the disclosure to HHS of information regarding eligibility for and enrollment in a health plan, which may be considered PHI, for the purposes of verification of applicant eligibility for MEC as part of the eligibility determination process for APTC and CSRs.

C. Definitions

For the purposes of this Agreement:

1. "Administering Entity" or "AE" (sometimes referred to as "state-based AE") means an entity administering an IAP;
2. "Advanced Payments of the Premium Tax Credit" or "APTC" means payment of the tax credit specified in section 36B of the IRC (as added by section 1401 of the PPACA) that is provided on an advanced basis on behalf of an eligible individual enrolled in a QHP through an Exchange in accordance with sections 1402 and 1412 of the PPACA. An individual's APTC eligibility status is not considered "taxpayer return information" as defined under 26 U.S.C. § 6103;
3. "Agent" or "Broker" means a person or entity licensed by the State as an agent, broker, or insurance producer;
4. "Applicant" means an individual seeking an Eligibility Determination for enrollment in a QHP through an Exchange, or for an IAP, or for a certification of Exemption. This term includes individuals whose eligibility is determined at the time of a renewal or redetermination;
5. "Authorized Representative" means an individual, person, or organization acting, in accordance with 45 CFR § 155.227, on behalf of an Applicant or Enrollee in applying for an Eligibility Determination, including a redetermination, and in carrying out other ongoing communications with the Exchange;
6. "Authorized User" means an information system user who is provided with official access privileges to any data resulting from this matching program or to any data created as a result of this match. Authorized Users include AEs;
7. "Basic Health Program" is an Affordable Care Act (ACA) option, authorized by Section 1331, allowing states to provide affordable coverage for low-income residents who do not qualify for Medicaid.

8. "Benefit Year" means the calendar year for which a health plan purchased through an Exchange provides coverage for health benefits;
9. "Breach" is defined by OMB Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information, (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 access accesses personally identifiable information for an other than authorized purpose;
10. "CMS" means the Centers for Medicare & Medicaid Services;
11. "Cost-Sharing Reduction" or "CSR" is defined at 45 CFR § 155.20 and means reductions in cost sharing for an eligible individual enrolled in a silver level plan through an Exchange or for an individual who is an Alaskan Native/American Indian enrolled in a QHP through an Exchange, provided in accordance with section 1402 of the PPACA. An individual's CSR eligibility status is not considered "taxpayer return information" as defined under 26 U.S.C. § 6103;
12. "DEERS" means Defense Enrollment Eligibility Reporting System;
13. "DMDC" means Defense Manpower Data Center;
14. "DoW" means Department of War;
15. "Eligibility Determination" means the determination of eligibility by an AE for enrollment in a QHP through an Exchange, or for an IAP, or for a Certification of Exemption. This includes initial determinations or redeterminations based on a change in the individual's status, as well as appeal determinations;
16. "Enrollee" means an individual enrolled in a QHP through an Exchange or enrolled in a BHP;
17. "Exchange" (otherwise known as Marketplace) means a FFE or an SBE (including a not-for-profit exchange) established under section(s) 1311(b) and 1311(d)(1) or 1321(c)(1) of PPACA. For purposes of this Agreement, all references to an Exchange shall refer equally to and include a state agency that is responsible for administering the IAP under which individuals and small businesses may enroll in Qualified Health Plans in the state;
18. "Federally facilitated Exchange" or "FFE" means an Exchange established by HHS and operated by CMS under § 1321(c)(1) of the PPACA;

19. "HHS" means Department of Health and Human Services;
20. "Hub" or "CMS Data Services Hub" is the CMS managed, single data exchange for AEs to use to interface with Federal agency partners. Hub services allow for adherence to federal and industry standards for security, data transport, and data safeguards as well as CMS policy for AEs for eligibility determination and enrollment services;
21. "Insurance Affordability Programs" or "IAPs" include (1) a program that makes available coverage in a QHP through an Exchange with APTC; (2) a program that makes available coverage in a QHP through an Exchange with CSRs; (3) the Medicaid program established under Title XIX of the Social Security Act (the Act); (4) the Children's Health Insurance Program (CHIP) established under Title XXI of the Act; and (5) the Basic Health Program (BHP) established under § 1331 of the PPACA;
22. "Minimum Essential Coverage" or "MEC" is defined in 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 DoW Health Care Program;
23. "PPACA" 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 PPACA).
24. "Personally Identifiable Information" or "PII" is defined in OMB Circular A-130, Managing Information as a Strategic Resource, published at 81 FR 49689 (July 28, 2016), and means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other information that is linked or linkable to a specific individual;
25. "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 of title 45 of the CFR issued or recognized by each Exchange through which such plan is offered in accordance with the process described in subpart K of part 155 of title 45 of the CFR;
26. "Recipient Agency" is defined by the Privacy Act at 5 U.S.C. § 552a(a)(9) and means any agency, or contractor thereof, receiving records contained in a system of records from a Source Agency for use in a matching program;
27. "Record" is defined in the Privacy Act at 5 U.S.C. 552a(a)(4) and means any item, collection, or grouping of information about an individual that is

maintained by an agency, including but not limited to the individual's education, financial transactions, medical history, and criminal or employment history and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual;

28. "Security Incident" means "Incident" which is defined in OMB Memorandum M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (January 3, 2017), as an occurrence that (1) actually or imminently jeopardizes, without lawful authority, the integrity, confidentiality, or availability of information or an information system; or (2) constitutes a violation or imminent threat of violation of law, security policies, security procedures, or acceptable use policies;
29. "Source Agency," is defined in the Privacy Act at 5 U.S.C. § 552a(a)(11), and means any agency which discloses records contained in a system of records to be used in a matching program;
30. "State-based Exchange" or "SBE" means an Exchange established and operated by a state, and approved by HHS under 45 Code of Federal Regulations (CFR) § 155.105;
31. "System of Records" or "SOR," is defined by the Privacy Act at 5 U.S.C. § 552a(a)(5) and means a group of any records under the control of any agency from which information about an individual is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual; and
32. "TRICARE" as defined at 10 U.S.C. § 1072(7), means the various programs carried out by the Secretary of War under 10 U.S.C. Chapter 55 and any other provision of law providing for the furnishing of medical and dental care and health benefits to members and former members of the uniformed services and their dependents.

II. RESPONSIBILITIES OF THE PARTIES

A. CMS Responsibilities

1. CMS will implement procedures through which an Applicant or Enrollee may request an eligibility determination via a single, streamlined application.
2. CMS will implement procedures through which an AE can request information from and match an Applicant's or Enrollee's information with data from DoW's DEERS system of records through the CMS Hub. CMS will only request data from or request a data match with DoW's records when necessary to make an eligibility determination, including an initial determination of eligibility, a

determination based on a self-reported change, or a reverification at the end of an inconsistency period (i.e., a period during which there was an inconsistency between attested information and the results of an electronic verification).

3. CMS will receive the DoW response data elements through the Hub and will utilize the information provided by DoW in making eligibility determinations.
4. CMS, as the Recipient Agency, will provide Congress and the OMB with advance notice of this matching program, and upon completion of OMB's advance review, will publish the required matching notice in the Federal Register.
5. CMS will enter into agreements with AEs that bind these entities, including employees, contractors, and Agents or Brokers, to comply with the privacy and security standards and protections for PII, including requirements for these entities and their employees, contractors, and Agents or Brokers to comply with the use and disclosure limitations set forth in section 1411(g) of the PPACA, and privacy and security standards that are consistent with the principles outlined under 45 CFR § 155.260, and privacy and security standards that are consistent with the terms and conditions of this Agreement.
6. CMS will ensure the receipt of appropriate consents from Applicants or Enrollees for use of PII collected, used, and disclosed for the purposes and programs outlined in this Agreement. Consent will be received through an Exchange application for QHP coverage and for Medicaid and CHIP.

B. DoW Responsibilities

1. DoW will implement procedures to respond to verification requests by CMS to transmit information from DEERS for the purpose of verifying or validating eligibility for TRICARE health benefit programs that qualify as MEC.
2. DoW will match the identity of the Applicant or Enrollee's inputs with DoW data in DEERS.
3. DoW will provide its response data elements to the Hub, in accordance with Section IV.B.2. DoW's data will verify whether the Applicant or Enrollee was eligible for or enrolled in DoW TRICARE benefit programs within the period requested by CMS.

III. JUSTIFICATION AND ANTICIPATED RESULTS

A. Cost-Benefit Analysis

As required by § 552a(u)(4) of the Privacy Act, a cost benefit analysis (CBA) is included as Attachment 1, covering this matching program and seven other

“Exchange” matching programs which CMS conducts with other Federal agencies and AEs. The CBA demonstrates that monetary costs to operate the eight Exchange matching programs are approximately \$74.5 million per year but does not quantify direct governmental monetary benefits sufficient to estimate whether they offset such costs, because the Exchange matching programs are not intended to avoid or recover improper payments. The CBA, therefore, does not demonstrate that the matching program is likely to be cost effective (i.e., does not show that the program is likely to pay for itself) and does not produce a favorable benefit-to-cost ratio.

However, other supporting justifications and mitigating factors support approval of this CMA, as described in Section B, below. OMB guidance provides that 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 guidance pertaining to computer matching, 54 FR 25818 at 25828 (June 19, 1989).

B. Other Supporting Justifications

Although the cost benefit analysis does not demonstrate that the Exchange matching programs are likely to be cost effective, the programs are justified for other reasons, as explained in this section. Each Party's Data Integrity Board (DIB) therefore is requested to waive the requirements of 5 U.S.C. § 552a(u)(4)(A) and determine, in writing, that a cost benefit analysis demonstrating that the matching program is likely to be cost effective is not required, in accordance with 5 U.S.C. § 552a(u)(4)(B), and to approve the agreement based on these other supporting justifications:

1. Certain Exchange matching programs are required (i.e., are based on a statutory obligation), not discretionary to conduct.
2. The Exchange matching programs improve the speed and accuracy of consumer eligibility determinations while minimizing administrative burdens and achieving operational efficiencies.
3. The matching programs benefit the public and consumers by accurately determining consumers' eligibility for financial assistance (including APTC and CSRs).
4. The efficient eligibility and enrollment process provided by the Exchange matching programs contributes to greater numbers of consumers enrolling in Exchange qualified health plans, resulting in a reduction of the uninsured population and 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.

C. Specific Estimate of Any Savings

There are no cost savings to conducting the Exchange matching programs, as opposed to not conducting them. By requiring a single, streamlined application process, the PPACA effectively required use of computer matching to make eligibility determinations. Therefore, the optimal cost-savings result is attained by limiting the costs of conducting the matching program to the extent possible, and by using a matching program operational structure and technological process that is more efficient than any alternatives. CMS' analysis suggests that the benefits of increased enrollment outweigh the costs given the increase in private insurance coverage through the PPACA.

IV. DESCRIPTION OF THE DATA TO BE EXCHANGED

The Privacy Act at 5 U.S.C. § 552a(o)(1)(C) requires that each CMA describe the records that will be matched and exchanged, including each data element that will be used, the approximate number of records that will be matched, and the projected starting and completion dates of the program.

A. Systems of Records

1. The CMS system of records that supports this matching program is “CMS Health Insurance Exchanges Program (HIX)”, System No. 09-70-0560, last published in full at 78 FR 63211 (Oct. 23, 2013), and partially amended at 83 FR 6591 (Feb. 14, 2018). Routine Use 3 authorizes CMS' disclosures to DoW.
2. The DoW system of records that supports this matching program is “DMDC 02 DoD, Defense Enrollment Eligibility Reporting Systems (DEERS)”, last published at 87 FR 32384 (May 31, 2022). Routine Use H supports DoW's disclosures to CMS.

B. Number of Records

The following table provides the base estimates for the total number of transactions in FY 2025 and FY 2026, as well as the number of transactions in the estimated highest month within each of those years. These estimates are subject to change as business assumptions or estimates are updated and/or refined.

	FY 2025 Total	FY 2025 Highest Month	FY 2026 Total	FY 2026 Highest Month
Base Estimate	91,038,743	13,721,471	113,686,936	15,737,836

C. Specified Data Elements

1. From CMS to DoW. For each Applicant or Enrollee seeking an eligibility determination, the AE will submit a request through CMS by way of the Hub to DMDC that may contain, but is not limited to, the following specified data elements in a fixed record format:

- a. Social Security Number (SSN)
- b. First Name
- c. Middle Name
- d. Surname
- e. Date of Birth
- f. Sex
- g. Requested QHP coverage effective date
- h. Requested QHP coverage end date

2. From DoW to CMS. For each Applicant or Enrollee seeking an eligibility determination through an AE, DMDC will provide to the Hub a response indicating whether an individual is eligible for or enrolled in a TRICARE plan constituting MEC. The response will be in a standard fixed record electronic format (e.g., response file) and may contain the following specified data elements:

- a. SSN
- b. Begin Date(s)
- c. End Date(s)

D. Frequency of Data Exchanges

The data exchanges under this agreement are anticipated to begin May 30, 2026, and continue through November 29, 2027, in accordance with schedules set by CMS and DoW. CMS will submit requests electronically in real-time and batch processing on a daily basis throughout the year.

E. Projected Starting and Completion Dates of the Matching

Program Effective Date – May 30, 2026

Expiration Date – November 29, 2027 (November 29, 2028, if this agreement is renewed for one year pursuant to 5 U.S.C. § 552a(o)(2)(D))

V. NOTICE PROCEDURES

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

At the time of application or when an individual reports a change of circumstances, CMS, or an AE administering an IAP, will provide an individualized (i.e., actual) notice to Applicants for enrollment in a QHP or an IAP under PPACA on the streamlined eligibility application. The agency administering the IAP, including CMS in its capacity as an FFE, ensures provision of a Redetermination or Renewal notice in accordance with applicable law. These notices inform Applicants that the information they provide may be verified with information in the records of other federal agencies.

At the time of enrollment in TRICARE, DoW provides notice that information may be shared with the Department of Health and Human Services for purposes related to eligibility determinations.

VI. VERIFICATION AND OPPORTUNITY TO CONTEST

The Privacy Act requires that each matching agreement specify procedures for verifying information produced in the matching program and an opportunity to contest findings, in accordance with 5 U.S.C. § 552a(p).

A. Verification Procedures

CMS will ensure that before an AE may take any adverse action based on the information received from the match, the individual will be permitted to provide the necessary information or documentation to verify eligibility information. When an AE determines that an individual is ineligible for an IAP based on DoW information provided as a result of 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 AE received information that indicates the individual is ineligible for an IAP; 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 IAP.

B. Opportunity to Contest Findings

In the event that information provided by an individual is inconsistent with information received through electronic verifications obtained from the DoW through the Hub, CMS will ensure that the AE provides the individual notice that the information they submitted did not match information received through electronic verifications as follows:

1. If the AE is an Exchange, the Exchange will provide an individual seeking to resolve inconsistencies between attestations and the results of electronic verification for the purposes of completing an Eligibility Determination the opportunity to follow the procedures outlined in 45 CFR §§ 155.315 and 155.320, which specifies that individuals have 90 days to present satisfactory documentary evidence via the channels available for the submission of an application to verify their information. The AE will provide the proper contact information and instructions to the individual for resolving the inconsistency.
2. If the AE is an agency administering a Medicaid or CHIP program, the Medicaid or CHIP Agency will provide an individual seeking to resolve inconsistencies between attestations and the results of electronic verifications for the purposes of completing an Eligibility Determination the opportunity to follow the procedures outlined in 42 CFR §§ 435.945 through 435.956, and provide individuals 90 days to present satisfactory documentary evidence via the channels available for the submission of an application to verify their information. The AE will provide the proper contact information and instructions to the individual resolving the inconsistency.
3. Pursuant to 42 CFR § 600.345, if the AE is a BHP, it must elect either the Exchange verification procedures set forth in paragraph VI.A or the Medicaid /CHIP verification procedures set forth in paragraph VI.B.2.

VII. PROCEDURES FOR RETENTION AND TIMELY DESTRUCTION OF IDENTIFIABLE RECORDS

DoW and CMS will each retain data received from the other via the Hub only for the period of time required to verify an Applicant or Enrollee's eligibility for TRICARE health benefits under this matching program and will then destroy the data by electronic purging, unless DoW and CMS are required to retain the information for enrollment, billing, payment, program audit purposes, or legal evidentiary purposes or where they are required by law to retain the information. The CMS FFE and AE will retain data for such purposes and under the same terms. In case of such retention, DoW and CMS will retire the retained data in accordance with the applicable Federal Records Retention Schedule. DoW and CMS will not create permanent files or a separate system comprised solely of the data provided by the other party.

VIII. SECURITY PROCEDURES

1. General. CMS and DoW will maintain a level of security needed to protect the information contained on the system with the highest appropriate sensitivity level.
2. Legal Compliance. CMS and DoW shall comply with the limitations on use, disclosure, storage, transport, and safeguarding of data under all applicable

Federal laws and regulations. These laws and regulations include §1411(g) of the PPACA; the Privacy Act of 1974, as amended; the E-Government Act of 2002, which includes the Federal Information Security Management Act of 2002 (FISMA), as amended by the Federal Information Security Modernization Act (2014), 44 U.S.C. §§ 3551 et. seq.; the Computer Fraud and Abuse Act of 1986; the Clinger-Cohen Act of 1996; and the corresponding implementation regulations for each statute. CMS also complies with the terms of HIPAA in its use and disclosure of protected data.

3. CMS and DoW will comply with OMB circulars and memoranda, such as OMB Circular A-130, Managing Information as a Strategic Resource, published at 81 FR 49689 (July 28, 2016); and National Institute of Standards and Technology (NIST), directives and publications; and the Federal Acquisition Regulations. These laws, directives, and regulations include requirements for safeguarding Federal information systems and PII used in Federal agency business processes, as well as related reporting requirements. The Parties recognize and will implement the laws, regulations, NIST standards, and OMB directives including those published subsequent to the effective date of this Agreement.
4. Federal Information Security Modernization Act (FISMA) requirements apply to all Federal contractors, organizations, or entities that possess or use Federal information, or that operate, use, or have access to Federal information systems on behalf of an agency. Both Parties are responsible for oversight and compliance of their contractors and other persons acting on their behalf.

5. Incident Reporting

CMS and DoW will comply with OMB reporting guidelines in the event of a loss, potential loss, Security Incident, or Breach of PII (see OMB M-17-12, Preparing for and Responding to a Breach of Personally Identifiable Information (Jan. 3, 2017) and OMB M-25-04, Fiscal Year 2025 “Guidance on Federal Information Security and Privacy Management Requirements” (Jan. 15, 2025)) or its successor. Accordingly, in the event of an incident or breach, the Party experiencing the incident or breach is responsible for following its established procedures, including notification to the Cybersecurity and Infrastructure Security Agency (CISA) in accordance with the Federal Incident Notification Guidelines. In addition, the Party experiencing the incident will notify the other agency's System Security Contact named in this Agreement within one hour of discovering the loss, potential loss, Security Incident, or Breach. If CMS is unable to speak with DoW's System Security Contact within one hour or if for some reason notifying the System Security Contact is not practicable (e.g., outside of normal business hours), CMS will email DMDC Privacy Office and Incident Response at dodhra.dodc-mb.dmdc.list.privacy-office@mail.mil. If DoW is unable to speak with CMS systems Security

Contact within one hour, DoW will contact CMS IT Service Desk at 1-800-562-1963 or via email at CMS_IT_Service_Desk@cms.hhs.gov.

The Party that experienced the loss, potential loss, Security Incident, or Breach will be responsible for following its established procedures, including notifying the proper organizations (e.g., CISA)), conducting a breach and risk analysis, and determining the need for notice and/or remediation to individuals affected by the loss. Parties under this agreement will follow PII breach notification policies and related procedures as required by OMB guidelines and the CISA Federal Incident Notification Guidelines. If the Party experiencing the breach determines that the risk of harm requires notification to the affected individuals or other remedies, then that Party will carry out these remedies without cost to the other Party.

6. Administrative Safeguards

CMS and DoW will restrict access to the matched data and to any data created by the match to only those Authorized Users of the Hub, e.g. AEs and their employees, Agents or Brokers, officials, contractors, etc., who need it to perform their official duties in connection with the uses of data authorized in this Agreement. Further, CMS and DoW will ensure all authorized personnel who will have access to the data matched and to any data created by the match are trained on the requirements of the Privacy Act of 1974, as well as other agency policies concerning the confidential nature of the PII, the appropriate safeguards for PII, and the civil and criminal sanctions for noncompliance with applicable Federal laws.

7. Physical Safeguards

CMS and DoW will store the data matched and any data created by the match in an area that is physically and technologically secure from access by unauthorized persons at all times. Physical safeguards may include door locks, card keys, biometric identifiers, etc. Only authorized personnel will transport the data matched and any data created by the match. CMS and DoW will establish appropriate safeguards for such data, as determined by a risk-based assessment of the circumstances involved.

8. Technical Safeguards

CMS and DoW will process the data matched and any data created by the match under the immediate supervision and control of authorized personnel to protect the confidentiality of the data in such a way that unauthorized persons cannot retrieve any such data by means of computer, remote terminal, or other means. Systems personnel must enter personal identification numbers when accessing data on a Party's systems. DoW and CMS will strictly limit

authorization to those electronic data areas necessary for the authorized analyst to perform his or her official duties.

9. Application of Policies and Procedures

Each party will adopt policies and procedures to ensure that it uses the information described in this Agreement that is contained in its respective records or is obtained from the other party solely as provided in this Agreement. CMS and the Data Services Hub will comply with their respective policies and procedures and any subsequent revisions.

10. Security Assessment

NIST Special Publication 800-37 as revised, encourages agencies to accept each other's security assessments in order to reuse information system resources and/or to accept each other's assessed security posture in order to share information. NIST 800-37 further encourages that this type of reciprocity is best achieved when agencies are transparent and make available sufficient evidence regarding the security state of an information system so that an authorizing official from another organization can use that evidence to make credible, risk-based decisions regarding the operation and use of that system or the information it processes, stores, or transmits. Consistent with that guidance, the Parties agree to make available to each other upon request system security evidence for the purpose of making risk-based decisions. Requests for this information may be made by either Party at any time throughout the duration or any renewal of this Agreement.

11. Compliance

CMS must ensure information systems and data exchanged under this matching agreement are maintained compliant with CMS Acceptable Risk Safeguards (ARS) standards. The ARS document can be found at: <https://security.cms.gov/policy-guidance/cms-acceptable-risk-safeguards-ars>. To the extent that this document is revised during the term of this Agreement, CMS must ensure compliance with the revised version. To the extent that this document is revised during the term of this Agreement, CMS must ensure compliance with the revised version.

IX. RECORDS USAGE, DUPLICATION AND RE-DISCLOSURE RESTRICTIONS

CMS and DoW will comply with the following limitations on use, duplication, and re-disclosure of the electronic files and data provided by the other Party under this Agreement:

- A. CMS and DoW will only use or disclose the data provided by the other Party under this Agreement for the purposes described in this Agreement, consistent with the applicable Systems of Records Notice, or as required by Federal law.
- B. The matching data provided by DoW under this Agreement will remain the property of DoW. CMS and AEs will dispose of such matching data in accordance with Section VII but may retain selected matching data for the purposes of enrollment, billing, payment, program audits to verify the accuracy of matches, to adjudicate appeals, legal evidentiary purposes, or when required by law.
- C. CMS and DoW will not duplicate or disseminate the submission and response files, within or outside their respective agencies, without the written consent of the other party, except as required by federal law or for purposes under this agreement.
- D. CMS will restrict access to DoW data solely to officers, employees, and contractors of AEs and CMS. Through the Hub, CMS may disclose the DoW data received under this Agreement to AEs pursuant to separate Agreements that authorize such entities to use the data for Eligibility Determinations regarding APTC, CSRs, and BHP.
- E. CMS FFE and AEs will restrict access to the results of the data match, i.e. whether an Applicant or Enrollee is eligible for or enrolled in TRICARE constituting MEC, to Applicants and Enrollees, Application Filers, and Authorized Representatives of such persons, and to individuals or entities, such as Agents or Brokers, who have been authorized by CMS and are bound by regulation or are under agreement with CMS or an AE to assist with eligibility determinations and enrollment.

X. ACCURACY ASSESSMENTS

The Privacy Act at 5 U.S.C. § 552a(o)(1)(J) requires that a CMA include “information on assessments that have been made” on the accuracy of the records that will be used in the matching program. CMS has not explicitly assessed the accuracy of the identifying information in the HIX systems of records, but Exchange operations are continually subject to rigorous examination and testing as required by Appendix C of OMB Circular A-123 and they are also evaluated through audits conducted by the HHS Office of Inspector General and the Government Accountability Office. DMDC estimates that at least 99% of the information in the DoW Finder file is accurate based on their operational experience where (1) an exact applicant match is returned, (2) the applicant has an enrollment status of "verified", and (3) their enrollment period coincides with the start/end dates received from the Hub.

XI. COMPTROLLER GENERAL ACCESS

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

XII. REIMBURSEMENT

Expenses incurred by this data match will not involve any payments or reimbursement between DoW and CMS. Cost adjustments, however, may be made in the future between the parties; DoW and CMS may make such adjustments by means of a reimbursable agreement between the parties.

XIII. DURATION OF AGREEMENT

A. Effective Date and Duration

The Effective Date of this Agreement is anticipated to be May 30, 2026, provided that, before May 30, 2026, CMS reported the proposal to re-establish this matching program to the Congressional committees of jurisdiction and OMB in accordance with 5 U.S.C. § 552a(o)(2)(A) and (r) and OMB Circular A-108 and, upon completion of OMB's advance review, CMS published notice of the matching program in the Federal Register for at least thirty (30) days in accordance with 5 U.S.C. 552a(e)(12). If the precedent conditions have not been met by May 30, 2026, the Effective Date of this Agreement is the day following the 30-day notice period in the Federal Register, provided that the required Congressional notice period has been met.

This Agreement will be in effect for a period of eighteen (18) months.

The HHS and DoW DIBs may, within three (3) months prior to the expiration of this Agreement, renew this Agreement for a period not to exceed one year if CMS and DoW certify to their DIBs that:

- a. The matching program will be conducted without change; and
- b. The Parties have conducted the matching program in compliance with this agreement.

If either Party chooses not to renew this agreement, it must notify the other Party in writing of its intention not to continue at least 90 (ninety) days before the expiration of the agreement.

B. Modification

The Parties may modify this Agreement at any time by a written modification, mutually agreed to by both Parties, provided that the modification does not

include a significant change. A significant change will require a new matching agreement.

C. 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 date shall be effective ninety (90) days after the date of the notice or at a later date specified in the notice, provided this date does not exceed the approved duration for the agreement. CMS will submit a copy of this notification to the Secretary, HHS DIB.

XIV. LIABILITY

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

XV. 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 DoW and CMS for the purposes described in this Agreement. The parties have made no representations, warranties, or promises outside of this Agreement.

XVI. PERSONS TO CONTACT

A. Department of War Contacts

DoW Contact for DoW Data Integrity Board Issues:

Rahwa A. Keleta

Chief, Privacy and Civil Liberties Division

Privacy, Civil Liberties, and Transparency Directorate

Office of the Director of Administration and Management

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Alexandria, VA 22350

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E-mail: osd.mc-alex.oatsd-pclt.mbx.pclld-computer-matching-agreements@mail.mil

Program Issues

Jamie Denning

DoW Benefits Delivery, DEERS

Defense Manpower Data Center

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Privacy Issues

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Security Issues

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B. Center for Medicare & Medicaid Contacts

Program Issues

Terence Kane
Director, Division of Automated Verifications and SEP Policy
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Medicaid/CHIP Issues

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Systems and Security

Nicole Graham
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Division of Marketplace IT Operations
Marketplace IT Group
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Centers for Medicare & Medicaid Services
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Privacy and Agreement Issues

Barbara Demopulos
CMS Privacy Act Officer
Division of Security, Privacy Policy and Governance
Information Security and Privacy Group
Office of Information Technology
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Location: N1-14-56
Baltimore, MD 21244-1849
Telephone: (443) 608-2200
Email: Barbara.Demopulos@cms.hhs.gov

XVII. APPROVALS

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

A. Centers for Medicare & Medicaid Services Program & Approving Officials

Subject to the approval of the Data Integrity Boards of the Parties to this Agreement and the required notifications, the authorized program and approving officials, whose signatures appear below, accept and expressly agree to the terms and conditions expressed herein, confirm that no verbal agreements of any kind shall be binding or recognized, and hereby commit the organization to the terms of this agreement.

Approved by (Signature of Authorized CMS Program Official)

ELIZABETH E.
PARISH -S



Digitally signed by ELIZABETH E.
PARISH -S

Date: 2026.04.30 16:46:37 -04'00' Date _____

Elizabeth Parish

Deputy Director for Operations

Center for Consumer Information and Insurance Oversight

Centers for Medicare & Medicaid Services

Approved by (Signature of Authorized CMS Program Official)

SARA M. VITOLO -S Digitally signed by SARA M. VITOLO -S
Date: 2026.01.05.01:13:05:12 -0400

Sara Vitolo
Deputy Director
Center for Medicaid and CHIP Services
Centers for Medicare & Medicaid Services

Approved by (Signature of Authorized CMS Approving Official)

PATRICK I. NEWBOLD -S2 Digitally signed by PATRICK I. NEWBOLD -S2
Date: 2026.05.04 09:36:49 -0400

Patrick Newbold
Chief Information Officer (CIO) & Director
Office of Information Technology
Centers for Medicare & Medicaid Services

B. U.S. Department of Health and Human Services Data Integrity Board Official

On behalf of the U.S. Department of Health and Human Services Data Integrity Board, the authorized DIB 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 their respective organization to the terms of this agreement.

David C. Hong 06/25/2026

Date_____

HHS Data Integrity Board

U.S. Department of Health and Human Services

C. Department of War Approving Official

Subject to the approval of the Data Integrity Boards of the Parties to this Agreement and the required notifications, 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.

GRIFFIN.KATIE.
M.1386617860

Digitally signed by
GRIFFIN.KATIE.M.1386617860
Date: 2026.05.11 14:03:20
-04'00'

Date _____

Katie Griffin
Acting Director
Defense Manpower Data Center
Department of War

D. Department of War Data Integrity Board Official

On behalf of the U.S. Department of War Data Integrity Board, the authorized DIB 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 their respective organization to the terms of this agreement.

KREMLACEK.MIC
HAEL.1187984463

Digitally signed by
KREMLACEK.MICHAEL.11879844
63
Date: 2026.06.03 18:40:25 -04'00'

Date _____

Michael Kremlacek
Acting Chair
Data Integrity Board
Department of War



EXCHANGE COMPUTER MATCHING PROGRAMS:
COST-BENEFIT ANALYSIS

Prepared by:
Center of Consumer Information and Insurance Oversight (CCIIO)
Centers for Medicare and Medicaid Services (CMS)

COST-BENEFIT ANALYSIS FOR EXCHANGE
MATCHING PROGRAMS
UPDATED MARCH 2026

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Introduction

This cost benefit analysis (CBA) provides information about the costs and benefits of conducting the eight required Exchange² matching or query programs, which are conducted under matching or other agreements between CMS and each federal data source agency and between CMS and state administering entities (AEs). The objective of the matches is to support the enrollment of eligible individuals in appropriate health coverage programs.

The matches enable AEs to make efficient and accurate eligibility determinations and redeterminations for enrollment in qualified health plans (QHPs), insurance affordability programs, Medicaid and Children Health Insurance Programs (CHIP), and Basic Health Programs (BHP), and support the issuance of certificates of exemption to individuals who are exempt from the individual mandate to maintain health insurance coverage. The matches provide for a single streamlined application process as required by the Affordable Care Act (ACA), support accurate and real-time eligibility determinations, and ensure that consumers can enroll in the correct program or be properly determined to be exempt from needing coverage.

The matching programs enable AEs to verify individuals' attested application responses with matched data elements from relevant federal data sources based on the type of eligibility determination being performed. These data elements may include verification of citizenship or immigration status (Department of Homeland Security), household income (Internal Revenue Service), social security information (Social Security Administration), and access to non-employer-sponsored and/or employer-sponsored minimum essential coverage (MEC). Non-employer-sponsored coverage includes coverage through TRICARE (Department of War), Veteran's Health Benefits (Department of Veterans Affairs, Veterans Health Administration), 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 (OPM).

While the matching programs support accurate eligibility determinations, which help avoid improper payments (e.g., improper payments of tax credits to ineligible individuals), no data is available to quantify the amount of improper payments avoided. In addition, the match results are not currently used to identify or recover past improper payments. Consequently, there are no estimates of avoided or recovered improper payments in key elements 3 and 4 (i.e., the "benefits" portion) of the CBA to offset against the personnel and computer costs estimated in key elements 1 and 2 (i.e., the "cost" portion) of the CBA, so the four key elements of the CBA do not demonstrate that the matching or query programs are likely to be cost-effective. However, the CBA describes other justifications (i.e., factors demonstrating that the matches are effective in maximizing enrollments in QHPs and are structured to avoid unnecessary costs) which support Data Integrity Board (DIB) approval of the matching programs. As permitted by the Privacy Act at 5 U.S.C. § 552a(u)(4)(B), the Justification section of each matching agreement

requests the DIB(s) to determine, in writing, that the CBA is not required in this case to support approval of the agreement and to approve the agreement based on the other stated justifications.

The four key elements and sub-elements required to be addressed in the CBA are summarized on the CBA template below. The name of each key element and sub-element is highlighted in bold in the narrative portion of the CBA to indicate where that element is discussed in more detail.

Costs

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 (personnel costs and computer costs) are combined in this analysis. Note that more detail on the summary figures that follow is provided in later sections of this document.

For Agencies –

- **CMS (Recipient Agency):** \$74.5 million o \$2.3 million internal costs per year o \$45.6 million external costs) per year
- **Source Federal Agencies:** \$26.6 million per year (reimbursed by CMS)
- **State AEs:** No data developed.
- **Justice Agencies:** Not applicable, as these matching programs are not currently used to detect and recover past improper payments and therefore do not generate collection cases for justice agencies to investigate and prosecute.

For Clients (Applicants/Consumers), and any Third Parties assisting them –

- Opportunity costs (time required to apply for coverage) are quantified as \$1.2 billion per year (\$49.52 per application x 24.3 million consumers enrolled in QHPs).

For the General Public –

- No data developed. Costs to the public (such as discouragement of legitimate potential participants from applying, and threats to privacy, Constitutional rights, and other legal rights) would be less significant in these matching programs than in other matching programs, because these matching programs are intended to support enrollments and are not currently used to detect and recover past improper payments.

Benefits

Avoidance of Future Improper Payments

For advance payments of the premium tax credit (APTC), consumers must reconcile the tax credit at the time of tax filing, and so improper payment is mitigated. For state and federal costs associated with Medicaid coverage, the avoidance of future improper payment is not quantified here. However, the use of matching programs mitigates the risk of fraud and abuse by applicants or third parties by requiring that personal information provided on an eligibility application match known data on the individuals.

Recovery of Improper Payments and Debts

Not applicable, because data from the Exchange matching programs are not currently used to identify and recover improper payments and debts.

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.

CMS has entered into matching agreements with the following federal source agencies: 1) Social Security Administration (SSA), 2) Department of Homeland Security (DHS), 3) Internal Revenue Service (IRS), 4) Department of Veterans Affairs (VA) Veterans Health Administration (VHA), 5) Department of War (DoW), 6) Office of Personnel Management (OPM), and 7) the Peace Corps. In addition, CMS has developed a matching program that is executed with every state AE, including state Medicaid and CHIP agencies and State-based Exchanges (SBEs). CMS designed the Federal Data Services Hub (the “Hub”) to be a centralized platform for the secure electronic interface that connects all AEs and trusted data sources (TDS).

Without the Hub, each State AE would be required to enter into a separate arrangement with each federal agency to determine whether applicants for state health subsidy programs are eligible for coverage. If the match operations were conducted through separate arrangements outside of the Hub, the costs to CMS, the source federal agencies, the AEs, and consumers (applicants) would be significantly greater than under the current structure.

Background assumptions

CMS has made the following assumptions in developing this CBA:

- The ACA does not expressly mandate the use of computer matching, but effectively requires it by requiring a single, streamlined application process for consumers. Because matching must be conducted to provide the single, streamlined application process Congress required (i.e., is not optional), this CBA does not evaluate whether the matching programs should be conducted versus not conducted, but rather it evaluates whether the matching programs are efficiently structured and conducted, and whether the current structure is less costly than an alternative structure.
- Eight matching programs are currently operational. CMS receives data from seven source federal agencies (IRS, DHS, SSA, OPM, Peace Corps, VHA, and DoW) under separate respective individual CMAs. Under an eighth CMA, CMS makes the data from those seven source federal agencies, as well as CMS data regarding Medicare enrollment, available to state AEs; in addition, the eighth CMA makes state Medicaid and CHIP

enrollment data available to CMS. The seven source federal agencies, CMS, and the state AEs are collectively known as the TDSs. All data from the TDSs are accessed by CMS and by state AEs via the Hub platform, rather than via direct access from any AE to any TDS.

- Any alternative, non-Hub structure that could be used instead of the current Hub structure would require many more than eight CMAs, as well as many more system interconnections and data transmissions between agencies.
- For a subset of the TDSs, CMS incurs a cost as the recipient agency. The cost of each data transaction is estimated based on a prior year's matching program budget and the estimated number of data transactions occurring that year.
- In addition to the TDSs themselves, additional entities are necessary to provide support services to the Hub. CMS therefore incurs external costs in the hiring, maintenance, and associated costs of contractors to perform numerous functions related to the Hub. In addition, costs are incurred for identity proofing of applicants, troubleshooting, procedure writing, and maintenance support.
- CMS has internal costs related to the funding of CMS federal staff and associated resources to complete processes and responsibilities related to the Hub and the matching programs.
- The benefit of these matching programs is to consumers who apply for and obtain health coverage. The private benefit to them is improved health care delivery and the expected value of the coverage (whether through private insurance, Medicaid, CHIP, or a Basic Health Plan, if applicable).
- Regarding 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.

Costs

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 (personnel costs and computer costs) are combined in this analysis.**

Internal CMS Costs - \$2.3 million / year

Most costs paid by CMS to implement the Exchange matching programs and the Hub are external costs paid to contractors, which are addressed in the next section. CMS' internal costs for federal staff tasked to work on these programs are approximately \$2.3 million per year. The below chart attributes all of the costs to federal staff working in the Center for Consumer Information and Insurance Oversight (CCIIO) office; however, many teams across CMS provide support to the implementation of these programs, and CCIIO staff often have other programs in their portfolios beyond the Exchange matching programs and the Hub.

CCIIO Team	Estimated Annual Cost
Eligibility and Enrollment (E&E)	\$844,053
SMIPG (State Policy)	\$361,737
Marketplace Information Technology (MITG/HUB)	\$1,085,211
Total	\$2,291,001

External CMS costs: Hub operations - \$45.6 million/ year

Federal Data Services Hub (Hub) – \$29 million / year

The Hub is maintained by a CMS contract. While the initial build costs of the Hub were largely incurred before the implementation of the Exchange programs in 2013, there are ongoing costs associated with system maintenance, changes necessitated by ongoing technology development and new program implementation, and general system health monitoring. In fiscal year (FY) 2025, the average annual cost of the Hub contract was \$29 million. The Hub supports many other Exchange program efforts besides the matching programs, including the transmission of data to and from insurance issuers, and electronic file transfer for many programs within the Exchange; as a result, \$29 million is an overestimate of the annual Hub costs associated with Exchange matching program operations.

Exchange Security Operations Center (SOC)

The Exchange SOC is responsible for the security operations and maintenance for the Hub and the Federally-facilitated Exchange (FFE). For FY2025, the CMS Office of Information Technology (OIT) Information Security and Privacy Group (ISPG) budget team determined that there are no direct CCIIO budget contributions for the SOC operation costs. Previously, ISPG took on security operations functions for the Exchange, and multiple funding sources were added to the OIT budget to share the cost load across funding sources. As there are no direct CCIIO contribution to the SOC budget, there were enterprise funding changes made to support the Exchange as part of the enterprise security program upon its inception.

Exchange Operations Center (XOC) - \$6.0 million / year

The Exchange Operations Center (XOC) is an entity managed under the Exchange System Integrator contract tasked with coordinating the technical operations of the Hub and of the FFE. The XOC supports system availability, communication of system issues to stakeholders, and incident triage. Because the XOC budget line is not formally delineated for the Hub and for the FFE, the operational cost cited above is an overestimate of the costs specific to supporting Hub operations. The \$6,012,506 cost estimate provided here covers both XOC operations as well as site reliability engineer and metrics costs in support of the XOC.

Identity-Proofing Service Costs – \$10.6 million / year

Before consumer information can be submitted to a data source for data verification, a consumer's online account must be identity proofed. Remote identity proofing (RIDP) is a service supported through the Hub for AE programs. While identity proofing is not an eligibility requirement, it is a requirement for online application submission.

Costs paid by CMS to TDS agencies – \$26.6 million / year

Social Security Administration (SSA) - \$3.5 million / year

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, Title II income (retirement and disability), and work quarters. Verification of an individual's SSN is a required precursor to accessing consumer information through the other Exchange matching programs.

Matching with SSA data is accomplished through a reimbursable agreement with CMS. The total cost of the SSA contract with CMS in FY 2025 was \$3,476,719.03 under Inter Agency Agreement (IAA) number IA25-34.

Department of Homeland Security (DHS) – \$22.5 million / year

DHS is the verification source for naturalized and derived citizenship, and immigration status. The total cost of the DHS contract with CMS in FY 2025 was \$22,500,000 under IAA number IA25-31.

The DHS charges according to a graduated fee schedule for using the database called "SAVE" (Systematic Alien Verification for Entitlements Program). There are up to 3 steps of 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 days for additional database searches. The third step requires manual touch from a DHS Status Verification Officer. Costs are currently \$2.25 per use at Steps 1, 2 and 3. Ongoing automation through DHS's paperless initiative will impact these costs in the future.

Veterans Health Administration (VHA) - \$596K / year

Data from the VHA are used to identify current enrollment in health coverage through the VHA, which is an eligibility factor for APTC and cost sharing reduction (CSR) programs. The VHA contract with CMS is transactions-based. The total cost of the VHA contract with CMS in FY 2025 was \$595,902 under IAA number IA25-38.

Office of Personnel Management - \$25,100 / year

For FY 2022, OPM charged CMS a flat fee of \$25,100 under IAA number IA25-39.

Other Trusted Data Sources

CMS does not pay the other Trusted Data Sources (IRS, DoW, Peace Corps, and State Medicaid and CHIP Agencies) for access to and use of their data.

Consumer opportunity costs – non-monetary, but quantified

Applying for coverage does not have a monetary cost to applicants, but does have an opportunity cost. CMS estimates that the average time for a consumer to apply for and enroll (or re-enroll) in a QHP each year averages 1 hour and 12 minutes.³ At a rate of \$41.27 per hour, this opportunity cost is estimated at \$49.52 per application per year. The complete number of applications submitted each year across all AEs is not known, but the total number of QHP enrollees for PY 2025 is 24.3 million,⁴ resulting in a consumer opportunity cost of approximately \$1.2 billion. It should be noted that this estimate does not include opportunity costs for enrollees in Medicaid, CHIP, or BHP, if applicable, programs, or for consumers who apply but do not subsequently enroll in coverage.

Benefits

Benefits to Agencies – not quantified

The Exchange matching programs improve the accuracy of data used for making program eligibility determinations and ensure that individuals are correctly determined and are not inappropriately enrolled in multiple programs. Improved data quality helps ensure that eligibility determinations and other decisions affecting APTC are accurate, which helps avoid future improper payments. This avoidance of future improper payments fits the third cost benefit analysis key element but hasn't been quantified.

Using data made available through the Exchange matching programs in combination with an individual applicant's attestation of his or her personal information is more reliable than relying solely on applicant attestations. The use of data matching mitigates the risk of fraud and abuse by applicants or third parties by requiring that personal information provided on an eligibility application match known data on the individuals.

Benefits to Enrollees of obtaining health coverage – quantified, but outside the scope of the 4 key elements

For PY2025, 24,319,713 consumers enrolled in a QHP across all Exchanges. Of these, 92% received APTC, with an average value of \$550 per month (annualized to \$6,600 per year). In total, therefore, approximately \$148 billion in APTC will be provided to enrollees in Plan Year 2025.⁵

Approximately 51% of the QHP enrollees in PY2025 received financial assistance through cost-sharing reductions when enrolling in a silver-level plan. The financial estimate of this benefit is not quantified here, as it is dependent on individual utilization of medical services.

Additionally, a significant number of consumers receive health coverage through Medicaid, CHIP, or a BHP, if applicable, and received eligibility determinations for that coverage based on data made available through these agreements. Because of the wide variety in state approaches to making and reporting eligibility determinations, the number of enrollees in these programs is not quantified here.

The financial benefit of having health coverage, whether through a QHP, Medicaid, CHIP, or BHP, if applicable varies by individual and individual health needs, and is therefore not estimated here.

While these benefits to consumers are made possible in part by the Exchange matching programs, the benefits are ultimately paid with federal funds (or, in the case of Medicaid and CHIP enrollees, with a combination of federal and state funds). Neither that funding nor these benefits to consumers can be considered a direct cost or benefit of conducting the Exchange matching programs. As a result, these benefits are not directly applicable to this analysis.

Recovery of improper payments – not germane (not an objective) at this time

The fourth cost benefit analysis key element (recovery of improper payments and debts) is not germane to this cost benefit analysis, because data from the Exchange matching programs are not currently used to identify and recover improper payments and debts.

Annual reconciliation and recovery of improper tax payments are performed by the IRS through a process that is independent of the Exchange matching programs and other CMS eligibility determination activities. While the Exchange matching programs could provide for annual and monthly reporting of data by Exchanges 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 Exchange 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.

Consideration of Alternative Approaches to the Matching Programs

In requiring a single, streamlined application process and specifying electronic data access, the ACA effectively required use of computer matching to make eligibility determinations. As a result, wholly manual alternatives for verification of application information (such as a paper-based documentation process) are not considered as a viable alternative in this analysis.

The Exchange matching programs currently leverage the Hub to minimize connections between AEs and the federal partners. This model has successfully met program needs by providing for a single, streamlined application process for consumers, and supporting accurate eligibility determinations, which in turn increase program integrity for the Exchange programs.

An alternative, non-Hub approach, for AEs to manage matching programs individually without using the Hub, was considered through this analysis. Without the Hub, each State AE would be required to enter into separate matching arrangements with each federal partner and build direct connections to each system. CMS believes a non-Hub approach 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).

Based on this analysis, CMS believes the current structure minimizes duplication of effort and is therefore less costly for CMS, federal partners, and State AEs, than an alternative structure that would not leverage the Hub.

Conclusion

The Exchange matching programs are effectively required, not discretionary, in order to provide the single streamlined application process Congress required. As a result, Exchange matching programs must continue in the absence of a cost-effectiveness finding.

After careful evaluation of the data presented above, CMS intends to continue using the current matching program structure, which is less costly than the alternative, non-Hub structure and achieves the primary goals of providing a single streamlined application process and accurate eligibility determinations. While CMS intends to retain the existing matching program structure moving forward, necessary changes will be made as needed to keep the matching programs compatible with changes in program operations and data flow. This cost benefit analysis and the decision to retain the current matching structure should increase the public's trust in the participating agencies as careful stewards of taxpayer dollars.

Because the Exchange matching programs incur a net cost (i.e., do not demonstrate that the matching programs are likely to be cost-effective), the Exchange matching agreements should be worded to provide for data integrity board (DIB) approval to be based on the other benefits and mitigating factors described in this analysis and in each individual agreement. Specifically, the agreements should provide justification for each DIB's written determination that the cost benefit analysis is not required to demonstrate cost-effectiveness for Exchange matching programs.