

# Health Coverage Tax Credit (HCTC) Program – Privacy Impact Assessment (PIA)

PIA Approval Date: May 18, 2010

## System Overview

The HCTC Program facilitates the implementation of the congressionally mandated health coverage tax credit. The HCTC Program receives lists of individuals who are potentially eligible for the health coverage tax credit from the State Workforce Agencies (SWA), through the Interstate Connection Network (ICON), and from the Pension Benefit Guaranty Corporation (PBGC). The program creates information packets for all potentially eligible individuals. The information packet provides information on the HCTC and contains contact information for the elected health plan options available in the state of the eligible individual. The HCTC solution includes a call-center that provides information on eligibility, explains health insurance tax credit benefits, and resolves problems and disputes. Once the eligible participant is registered in the HCTC monthly program, U.S. Bank is the avenue for HCTC to accept the registered individual's portion of their health insurance premium. The HCTC monthly program forwards a file of eligible participants that payments can be accepted from to U.S. Bank. U.S. Bank provides confirmation of payments received back to HCTC. The HCTC Program facilitates the timely payment of 100% of the premium to the health plan by ensuring the payment to the vendors (Health Plans, Third Party Administrators, Employer Groups), which includes the eligible participant's portion of the premium (20%) and the amount the Internal Revenue Service adds as the credit amount (80%).

## System of Records Number(s) (SORN):

- Treasury/IRS 22.012-Health Coverage Tax Credit Program Records
- Treasury/IRS 34.037-IRS Audit Trail and Security System

## Data in the System

### **1. Describe the information (data elements and fields) available in the system in the following categories:**

A. Taxpayer – Taxpayer data in the system includes, if applicable, the customer account number, SSN, date of birth (DOB), date of death, date of divorce, address, phone number, gender, dependent information (name, SSN, gender, DOB, relationship, health plan), vendor information (health plan, third party administrator, employer group), premium information, language preference, access needs, access notes, county of residence, state of residence, primary phone number and secondary phone number, federally funded health plans the individual participates in, prison information, and self-attested answers to the seven eligibility questions (in prison, Medicare recipient, Medicaid or CHIP recipient, coverage payment less than 50%, enrolled in FEHBP or eligible for TIRCARE, 65% COBRA premium reduction, dependent not eligible as a qualified family member. Only data elements that are required to process the monthly HCTC credit option for individuals or qualified family members and reimbursement credits for HCTC, according to the Trade Adjustment Act (TAA) guidelines will be collected.

B. Employee – Select IRS employees have access to the Finance and Accounting application to approve monthly payments and reimbursement credit payments. For every payment or reimbursement credit the IRS employee approves or denies, their user ID, the timestamp, and action taken is collected. This user ID is an HCTC application ID that is assigned once the employee has submitted their approved Form 5081.

Select IRS employees have access to the Customer Relationship Management (CRM) application to approve registration requests for qualified family members (QFMs) via death, divorce or because the enrolled participant is eligible for Medicare. For QFM registration requests, the IRS employee approves or denies and their user ID, the timestamp, and action taken is collected. This user ID is an HCTC application ID that is assigned once the employee has submitted their approved Form 5081.

C. Audit – The audit trail will capture the user ID of any individual that alters data per his/her permissions, the action taken, and a timestamp of when that action occurred.

D. Other – Vendor data in the system includes vendor name, employee identification number (EIN), address, point of contact name, phone number, date of entry and payment remittance information. Vendors are health plans, third party administrators, or employers (e.g., Health Plan of the DC Metro Area). These data elements are captured for the following reasons:

- To ensure that the potentially eligible individual is enrolled in a qualified health plan according to HCTC guidelines.
- To provide health plan options for potentially eligible individuals that may not be enrolled in qualified health plans.
- In order to make the enrolled participant's payments on time to the correct vendor.

## **2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.**

A. IRS – The IRS will approve payments to be made to vendors on an individual's behalf. Select employees from the IRS have access to the Finance and Accounting application so that they have the ability to mark the payment proposal items as approved or denied. For those payments that are denied, the IRS employee will also indicate a reason for denial for audit purposes. The IRS employees that are allowed to access the Finance and Accounting application will be given a user ID. Each record that the IRS employee approves or denies will contain their user ID with action taken and a timestamp for audit purposes. All user IDs are assigned in accordance with the baseline security requirements.

The IRS will also send HCTC a file that contains all the TINs whose premiums were paid, the amount that was paid, and any additional information about the payment from Integrated Financial Services (IFS).

B. Taxpayer – The Taxpayers themselves will verbally provide language preference, access needs, access notes, mailing address updates, county of residence, state of residence, primary phone number and secondary phone number, date of death, date of divorce, dependent information (name, SSN, gender, DOB, relationship, health plan), self-attested answers to the seven eligibility questions, and premium amount. The taxpayer will also send in written documentation (invoice or COBRA Election Letter) that verifies premium amount, individuals covered under the policy, and the vendor name. When taxpayers call the Customer Contact Center, they will be authenticated by confirmation of SSN, name, and address. If the taxpayer cannot be found in the system with an exact match of those three elements, they will be redirected to either PBGC or the SWA for their state.

C. Employee – Employees will enter their user ID to log onto the CRM application or Finance and Account application, and their user ID will be used for audit tracking. (These employees are non-IRS sub-contractor employees with IRS staff-like access or approved IRS employees). User ID will be the only employee data stored in the HCTC system. Employees will update the

vendor master list in the CRM application. The vendor master contains all the State Qualified Health Plans and vendor's information provided to HCTC by the vendors.

D. Other Federal Agencies – PBGC: HCTC obtains SSN, name, address, DOB (if available), eligibility month/year, eligibility adjustment code for each eligible individual through PBGC. Data is sent in a file generated by the PBGC.

E. State and Local – ICON: ICON is a system operated by the Department of Labor. ICON works as a clearinghouse for states. HCTC obtains taxpayer's SSN, name, address, DOB (if available), eligibility month/year, eligibility adjustment code for each eligible individual through a SWA. The SWAs are responsible for identifying HCTC eligible participants in their state, based on guidelines from the Department of Labor. Data is sent in a file generated by ICON, representing a collection of the data sent by the individual SWAs.

F. Other Third Party Sources – **U.S. Bank:** HCTC will receive a daily feed containing payment amounts received by U.S. Bank identified by customer account number. The data will be contained in a file generated by U.S. Bank.

- **State Qualified Health Plans (SQHPs)** are designated by the state governments (Departments of Insurance). The state governments will send a letter to the HCTC program when any Health Plans are added or removed from the State Qualified Health Plan list. These Health plans are input into the system and/or modified per the letters from the state government.
- **Vendors** – Vendors include Health Plan Providers, Third Party Administrators, and Employer Groups. If an individual participates in a qualified health plan that is not a State Qualified Health Plan, then HCTC will obtain the vendor name and initial contact info listed on the Invoice/COBRA Election Letter that the individual submits. After contacting the vendor additional information is obtained over the phone or via fax from the vendor including: EIN, address, point of contact name, phone number, date of entry, and payment remittance information.

### **3. Is each data item required for the business purpose of the system? Explain.**

All data collected is necessary for administering the monthly HCTC, end-of-year tax credit, and reimbursement credit program mandate as described in the HCTC regulation. No health information is collected. The data that is collected will be information that facilitates monthly premium payment, reimbursement credit, end-of-year tax credit, dependent information, and vendor information.

### **4. How will each data item be verified for accuracy, timeliness, and completeness?**

The information that is received from ICON and PBGC is expected to be accurate and eligibility is refreshed every month to ensure timeliness. The data received from ICON and PBGC is checked for proper format before being loaded into the system. Data received that is not formatted correctly will not be loaded into the system. An error file is returned to ICON and PBGC for correction and resubmission. When taxpayers call the Customer Contact Center, they will be authenticated by confirmation of SSN, name, and address. If the taxpayer cannot be found in the system with an exact match of those three elements, they will be redirected to either PBGC or the SWA for their state. If the DOB provided by the potentially eligible individual is different than the DOB received from the PBGC/ICON feed, that record will be flagged for further manual investigation.

Once the potentially eligible individual calls or submits a registration packet to update the necessary information in the system and request enrollment (providing personal information, dependent information, vendor and premium information), the personal and dependent information that the individual gives is self-attested and thereby considered accurate.

Vendor and premium information is verified for accuracy by asking the taxpayer to send in a copy of their invoice/COBRA Election Letter. It is the taxpayer's responsibility to update their information

should anything change and to notify the program of any vendor or premium changes. The system controls each individual's status, such that any data that is required for system processing will be required before the individual's status will be escalated to enroll.

Registration of a Qualified Family Member because of death of the enrolled participant or divorce from the enrolled participant is verified for accuracy by asking the taxpayer to send in a copy of the death certificate or the divorce decree.

**5. Is there another source for the data? Explain how that source is or is not used.**

The sources of our data include the taxpayer, PBGC, ICON, U.S. Bank, and the IRS.

Information about the taxpayer must be obtained from the taxpayer in order to have the most accurate data. It is up to the individual to request the monthly HCTC and/or reimbursement credit. It is also the enrolled participant's sole responsibility to notify the HCTC program of any changes to his/her personal, dependent, vendor, and/or premium information.

The information from PBGC and ICON are the only sources available to receive potentially eligible individual's information. U.S. Bank is used because it is the financial intermediary chosen by FMS. IRS is the owner of the HCTC program and is the only entity that has authority to certify payment to the vendors or reimbursement credits to the taxpayer.

**6. Generally, how will data be retrieved by the user?**

The system users will be IRS employees and non-IRS sub-contractor employees with IRS staff-like access. In order to access any data, users will need to be located in HCTC facilities, and have access to the front-end Customer Relationship Management (CRM) and the Finance and Account System applications. All users will have completed an MBI and Form 5081 prior to gaining any access to the system. User privileges and user roles determine the types of data that each user has access to. Each user will have access only to those data fields that are required to fulfill their job description.

**7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?**

System users that will search for data are IRS employees and non-IRS sub-contractor employees with IRS staff-like access. They will locate the taxpayer's data by searching for the taxpayer's customer account number, TIN/SSN, or name in the CRM and/or Finance and Accounting applications (based on user permissions). Customer account number is an auto-generated number within the system that will be used whenever possible to limit the use of SSNs.

**Access to the Data**

**8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?**

Internal users that interface with the system are IRS employees and non-IRS sub-contractor employees with IRS staff-like access. **Note:** All internal users of the system will have completed an MBI and a Form 5081 prior to gaining access to the system. The Form 5081 will detail what access the user needs and why. The Security Administrator will be responsible for determining the level of access.

Users have the following access. A user may have more than one role depending on capability:

- Customer Service Representatives (CSRs) have access to all data in the CRM application and will be able to appropriately handle calls from potentially eligible individuals or enrolled participants that call in and process registration packet information.
- CSRs have access to updating vendor and premium information for the potentially eligible individual in the CRM application based on the individual's invoice/COBRA Election Letter received as part of the registration packet. Health Plan Associates have access to updating the

vendor master list in the CRM application. The vendor master list contains all the State Qualified Health Plans and vendors that participants use.

- Financials Data Entry Analysts have access to the Finance and Accounting application to make any financial adjustments.
- The Security Administrator does not have access to any taxpayer data. The Security Administrator assigns initial identifications and passwords, security profiles, and other security characteristics of new users. Other tasks include changing security profiles for existing users, ensuring that user's access or type of access is restricted to the minimum necessary to perform his/her job, and monitoring system integrity, protection levels, and security-related events. A critical function of the Security Administrator is to generate audit trails and security reports and distribute them to the appropriate manager.
- The System Administrator is responsible for authorizing and removing accesses for those who install, operates, or maintain the system, and making sure all users are familiar with documented security practices/rules before granting them access. The system administrator is also responsible for maintaining a copy of the authorization/approval (e.g., Form 5081) for each user accessing a system systems under his/her control, monitoring access of system users, and maintaining an up-to-date list of authorized system users for systems under his/her control.
- Maintenance users do not have visibility to individual pieces of data. Maintenance users handle table maintenance and other tasks as necessary.
- The IRS HCTC payment certification employees will have access to the Finance and Accounting application. Their access will be limited to TIN information and corresponding payment amount information sent by U.S. Bank. Along with that information will be the HCTC proposal as to whether the whole premium should be released to the vendor on behalf of the participant. Their write access will include whether the proposed payment is approved or denied, and if denied, the reason why.
- The IRS HCTC Payment Processing Lead and designated IRS support personnel have access to the Finance and Accounting application to review reimbursement credit requests and approve or deny. The IRS HCTC Business Operations Lead has access to the CRM application to review requests for coverage for qualified family members and approve or deny.
- The Program Evaluation and Reporting (PE&R) team members access the system to pull periodic and ad-hoc reports for HCTC staff to support operations, facilitate exception processing, and conduct weekly and monthly status meetings with IRS leadership. PE&R also serves as the gatekeeper for data shared outside the program to organizations like Congress, Treasury Inspector General for Tax Administration (TIGTA), Government Accountability Office (GAO), Department of Treasury and other stakeholders. All external data is shared with IRS approval and according to IRS disclosure guidelines.

#### **9. How is access to the data by a user determined and by whom?**

Each user is granted access based on their role. Form 5081 will have signatures from the User's Manager/COTR, the Functional Application Manager, and the Security Administrator. The Security Administrator will determine the user's role-based access to the system. The System Administrator grants user's access in the system based on the information completed on the Form 5081. Users will only be given access after an MBI is completed and Form 5081 is completed.

**10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared.**

IRS IFS receives payment information from HCTC. This file includes a customer account number, amount of total premium, and vendor code and policy number. This information will be passed on to FMS from IFS for payment.

FMS will then return a file to IRS indicating the amount that was paid for each customer account number, the date the payment was made, Treasury schedule number, the check number, and any additional information FMS is required to send. FMS sends this file through IFS to HCTC.

**11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?**

The IFS system has been verified to be accredited and certified.

**12. Will other agencies provide, receive, or share data in any form with this system?**

ICON and PBGC will be providing eligibility information. HCTC has an Inter-Agency Security Agreement (ISA) with each agency. U.S. Bank will be receiving and providing taxpayer payment information and has an ISA. The IRS will receive and send payment remittance information and has an ISA.

**Administrative Controls of Data**

**13. What are the procedures for eliminating the data at the end of the retention period?**

A SF 115 *Request for Records Disposition Authority* for HCTC and associated records has been submitted to the National Archives and Records Administration (NARA), and is pending approval (under Job No. N1-58-09-102). When approved, disposition instructions for HCTC inputs, system data, outputs, and system documentation will be published under IRM 1.15.18 *Records Control Schedule for the Enterprise Computing Center - Detroit*, item 68. A 10-year disposition has been proposed for eligibility information for all potentially eligible and eligible participants. Removal of the data in storage will be handled by proper degaussing of the magnetic media used for storage, in accordance with procedures described in IRM 10.8.1.

**14. Will this system use technology in a new way?**

No.

**15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.**

For the purpose of educating potentially eligible individuals about the HCTC monthly program the CRM system may be used to identify potentially eligible individuals that have not made any contact with HCTC and that fall within a specific area (based on zip code) planned for outreach. Individuals are sent an invitation to an event in their area to learn about the HCTC program.

**16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.**

No.

**17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently?**

No.

**18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?**

The only computer matching that can result in denial of benefits is the verification of TIN. For those situations, the individual would need to contact the SWA that has their information, or PBGC, dependant on which list the individual believes they should be on.

Another way an individual can be denied benefits is if they fail one of the seven self-attested questions as dictated by the HCTC regulations. In the case an individual is denied benefits due to failing one of the above described questions, there is a process for individuals to appeal denial of the monthly program. (Denial of the monthly program does not mean denial of end-of-year tax credit).

In the event that an individual does not have a qualified vendor, they will be denied the monthly HCTC but may request enrollment in HCTC again if they gain enrollment in a qualified plan.

The last way an individual can be denied benefits is if they either do not send in a document so that the program can verify vendor and premium amount, or if the individual does not send in their portion of the premium. There is a process for individuals to appeal denial from the monthly program.

**19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?**

The system is not open to the public. The applications in this system are available only to authorized users. Some of the applications are browser-based, but access to the application is limited to authorized users within HCTC facilities. Authorized users have gained access only after completing a MBI and a Form 5081.

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