



## SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA-2016-0039]

### Use of Electronic Payroll Data to Improve Program Administration

**AGENCY:** Social Security Administration

**ACTION:** Notice and request for comments.

**SUMMARY:** This is advance notification to the public regarding the implementation of an information exchange between the Social Security Administration (SSA) and Equifax, a payroll data provider. We expect that the information exchange will enable us to administer Social Security Disability Insurance (SSDI) benefits and Supplemental Security Income (SSI) payments more efficiently, while helping to prevent improper payments.

**DATES:** Comments must be received by **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

**ADDRESSES:** You may submit comments by any one of three methods – internet, fax, or mail. Do not submit the same comments multiple times or by more than one method. No matter which method you choose, please state that your comments refer to Docket No. SSA-2016-0039 so that we may associate your comments with the correct document.

*Caution:* You should be careful to include in your comments only information that you wish to make publicly available. We strongly urge you not to include in your comments any personal information, such as Social Security numbers or medical information.

1. Internet: We strongly recommend that you submit your comments via the internet. Please visit the Federal eRulemaking portal at <https://www.regulations.gov/>. Use the “**Search**” function to find docket number SSA-2016-0039. The system will issue you a tracking number to confirm your submission. You will not be able to view your comment immediately because we must post each comment manually. It may take up to a week for your comment to be viewable.

2. Fax: Fax comments to (410) 966-2830.
3. Mail: Address your comments to the Reports Clearance Director, 3100 West High Rise Building, 6401 Security Boulevard, Baltimore, Maryland 21235.

Comments are available for public viewing on the Federal eRulemaking portal at <https://www.regulations.gov> or in person, during regular business hours, by arranging with the contact person identified below.

**FOR FURTHER INFORMATION CONTACT:** Betsy Blair, Office of Income Security Programs, Social Security Administration, 6401 Security Boulevard, Baltimore, MD 21235, (410) 965-0041. For information on eligibility or filing for benefits, call our national toll-free number, 1-800-772-1213 or TTY 1-800-325-0778, or visit our internet site, Social Security Online at <http://www.socialsecurity.gov>.

#### **SUPPLEMENTARY INFORMATION:**

##### Description of Information Exchange

Congress enacted the Bipartisan Budget Act (BBA) of 2015<sup>1</sup> on November 2, 2015. Section 824 of the BBA added section 1184 to the Social Security Act (Act)<sup>2</sup> and authorized us to enter into information exchanges with payroll data providers for the purposes of efficient program administration and prevention of improper SSDI and SSI payments. Section 824 defines information exchanges as the automated comparison of our system(s) of records with records of payroll data providers.<sup>3</sup> Section 824 further defines payroll data providers to include payroll providers, wage verification companies, and other commercial or non-commercial entities that collect and maintain data regarding employment and wages.<sup>4</sup> Although the Act and our rules require individuals to report any changes that could affect SSDI entitlement, SSI

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<sup>1</sup> Pub. L. 114-74, 129 Stat. 584, 607.

<sup>2</sup> 42 USC 1320e-3.

<sup>3</sup> 42 USC 1320e-3(c)(2).

<sup>4</sup> 42 USC 1320e-3(c)(1).

eligibility, or benefit amounts, we do not always receive these reports timely. By entering into an information exchange with the payroll data provider Equifax, we will be able to obtain the wage and employment records of Equifax and will therefore be able to receive wage information timely without the need for additional verification from other sources.

We will request authorization<sup>5</sup> from SSDI and SSI claimants, recipients, or deemors, to obtain their wage and employment information from payroll data providers, like Equifax. However, failure to sign the authorization does not lead to ineligibility for benefits. Once the authorization is signed, it will remain in effect until the earliest of the following occurrences: (1) it has been revoked in writing by the individual or their legal guardian; (2) all entitlement to or eligibility for benefits or payments has terminated, there are no other claims or appeals pending, and all periods for appealing any adverse determinations or decisions have lapsed; (3) there has been an adverse determination or decision on the claim, the individual is not otherwise currently entitled to or eligible for payments, there are no other claims or appeals pending and all periods for appealing any adverse determinations or decisions have lapsed; or (4) for SSI deemors, the deeming relationship ends. Authorizing us to obtain information directly from a payroll data provider like Equifax protects the beneficiary or recipient from a penalty of non-payment or ineligibility under section 1129A of the Act,<sup>6</sup> for any omission or error from wages reported by Equifax. Additionally, we will find good cause and not subject recipients who receive SSI payments to a monetary deduction penalty of their payments under section 1631(e)(2) of the Act<sup>7</sup> if they fail or delay to report a change in employer and gave us the authorization to obtain information from Equifax.

We will request the wage and employment information listed below from Equifax via a secure means of electronic transmission, every month, for each beneficiary and recipient with a

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<sup>5</sup> We request such authorization by using form SSA-8240, OMB 0960-0807, "Authorization for the Social Security Administration to Obtain Wage and Employment Information from Payroll Data Providers."

<sup>6</sup> 42 USC 1320a-8a.

<sup>7</sup> 42 USC 1383(e)(2).

valid authorization and who is actively requesting or receiving benefits. In response to our request, Equifax will provide the wage and employment information or respond that it has no records. We will conduct this information exchange in accordance with all applicable laws, to include the Privacy Act of 1974, 5 U.S.C. § 552a and the Social Security Act, 42 U.S.C. § 1306(a).

Equifax will use reasonable procedures<sup>8</sup> to ensure maximum accuracy, relevance, and timeliness of its wage and employment information and must notify us within 24 hours if it discovers that it submitted incorrect information to us.

We have determined that the general quality of the wage and employment information that will be received via the information exchange meets our standards and is:

- Sufficiently accurate, up-to-date, and complete.
  - Equifax tests the data of employers to ensure it contains all of the data elements identified below and conforms to its system requirements; regularly conducts quality assurance assessments to ensure accuracy; and makes wage and employment data available within 24 hours of receipt from employers.
- Vital to accurately determine a) entitlement to SSDI, b) eligibility for SSI, and c) SSI payment amounts.
  - We require this information because wage and employment data are factors that can affect entitlement, eligibility, and payment amounts. Because the information is coming directly from the employer through Equifax, we will receive timely and accurate wage and employment reporting and will be able to administer SSDI benefits and SSI payments more efficiently.

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<sup>8</sup> Equifax shall follow all technical specifications provided by us. We provided technical specifications, characteristics, and needs. The technical specifications include detailed requirements and pertinent information regarding the request, response, security requirements, Web Service, data retention, and processing guidelines related to the information exchange.

- Needed to prevent improper payments of SSDI and SSI benefits.
  - As indicated above, we do not always receive timely reports of changes that could affect SSDI entitlement, SSI eligibility, or SSI benefit amounts, and this may cause improper payments. Requirements to verify wages may also cause delays that lead to improper payments. Changes in a person's work and wages are a leading cause of improper payments in the SSDI and SSI programs. While we use a number of sources to verify wage amounts, verifying wages is currently a manual process, and we continue to rely on beneficiaries to self-report wages.<sup>9</sup> With automated information exchanges, we will be able to obtain the wage and employment records timely and without the need for additional verification from other sources.

### Data Elements

The information exchange will require SSA and Equifax to exchange specific data elements. We will send the data elements below to Equifax to ensure we are requesting employment and wage information for the correct individual and timeframe. Equifax and SSA will use a federally compliant, secure means to exchange data and conduct the automated comparison of SSA to Equifax records under this information exchange.

In order to request wage and employment information, we will provide the following information from the Supplemental Security Income Record and Special Veterans Benefits for SSI<sup>10</sup> and the eWork for SSDI<sup>11</sup> to Equifax:

- 1) Social Security number (SSN) of the beneficiary, recipient, or deemor;
- 2) Start date and end date (month and year) of wage and employment information being requested

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<sup>9</sup> See page 22 of the Congressional Justification for SSA's Fiscal Year 2020 budget available here: [https://www.ssa.gov/budget/FY20Files/FY20-JEAC\\_2.pdf](https://www.ssa.gov/budget/FY20Files/FY20-JEAC_2.pdf).

<sup>10</sup> See 71 FR 1830 (Jan. 11, 2006) to view the System of Records Notice 60-0103.

<sup>11</sup> See 68 FR 54037 (Sep. 15, 2003) to view the System of Records Notice 60-0330.

3) Tracking identification number

In response to our request, Equifax will provide the following wage and employment information to us, if available:

- 1) Wage earner's SSN
- 2) Wage earner's first name
- 3) Wage earner's last name
- 4) Employer name
- 5) Employer identification number
- 6) Employer address
- 7) Transmission date of wage and employment response from Equifax to us
- 8) Date of payment
- 9) Amount of gross pay
- 10) Frequency of pay
- 11) Pay period begin and end date
- 12) Year-to-date gross wage amount
- 13) Applicable deductions, including but not limited to the following:
  - a. Federal, state and local taxes
  - b. Federal Insurance Contributions Act taxes
  - c. Medicare taxes
  - d. Garnishment
  - e. Cafeteria plans
- 14) Employer telephone number
- 15) Wage earner's job title
- 16) Employment begin date
- 17) Employment end date
- 18) Amount of net pay
- 19) Pay rate
- 20) Hours worked per pay period

Request for Comments

We are requesting comments concerning the specifics of our proposal to implement an information exchange under section 824 of the BBA. We ask that, in preparing comments, you address questions such as:

1. Have we identified the appropriate design for an information exchange?
2. Are there any additional operational elements of an information exchange that we should include?

We will not respond to your comments, but we will consider them as we review our plan to implement the information exchange under section 824 of the BBA.

The Commissioner of the Social Security Administration, Andrew Saul, having reviewed and approved this document, is delegating the authority to electronically sign this document to Faye I. Lipsky, who is the primary Federal Register Liaison for SSA, for purposes of publication in the Federal Register.

**Faye I. Lipsky,**

*Federal Register Liaison,*

*Office of Legislation and Congressional Affairs,*

*Social Security Administration.*

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