



OFFICE OF MANAGEMENT AND BUDGET

Proposed Designation of Database to the Do Not Pay Working System

AGENCY: Office of Management and Budget.

ACTION: Notice of proposed designation.

SUMMARY: The Payment Integrity Information Act of 2019 (PIIA) authorizes the Office of Management and Budget (OMB) to designate databases for inclusion in the U.S. Department of the Treasury (Treasury) Do Not Pay Working System under the Do Not Pay Initiative. PIIA requires OMB to provide public notice and an opportunity for comment prior to designating databases. In fulfillment of this requirement, OMB is publishing this Notice of Proposed Designation to provide the public an opportunity to comment on the proposed designation of the U.S. Department of Veterans Affairs (VA) Benefits Enterprise Platform (BEP) database for use in the Do Not Pay Working System with the Public Assistance Reporting Information System (PARIS). This notice has a 15-day comment period.

DATES: Comments must be in writing and must be received on or before [INSERT DATE 15 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. At the conclusion of the 15-day comment period, if OMB decides to finalize the designation, OMB will publish a notice in the Federal Register to officially designate the database.

ADDRESSES: Comments on this proposal must be submitted electronically before the comment closing date to *www.regulations.gov*. In submitting comments, please search for recent submissions by OMB to find docket OMB-2025-[XXXX] and follow the instructions for submitting comments. Public comments are valuable, and they will inform OMB Do Not Pay database designation; OMB, however, will not respond to individual submissions.

Privacy Act Statement: OMB is issuing this notice pursuant to PIIA. Submission of comments in response to this Notice of Proposed Designation is voluntary. Comments may be used to inform sound decision-making on topics related to this Notice of Proposed Designation. Please note that

submissions received in response to this notice may be posted on www.regulations.gov or otherwise released in their entirety, including any personal information, business confidential information, or other sensitive information provided by the commenter. Do not include in your submissions any copyrighted material; information of a confidential nature, such as personal or proprietary information; or any information you would not like to be made publicly available. Comments are maintained under the OMB Public Input System of Records, OMB/INPUT/01; the system of records notice is accessible at 88 FR 20913 (<https://www.federalregister.gov/documents/2023/04/07/2023-07452/privacy-act-of-1974-system-of-records>) and includes a list of routine uses associated with the collection of this information.

FOR FURTHER INFORMATION CONTACT: Office of Federal Financial Management, OMB (telephone: 202-395-3080; email: paymentintegrity@omb.eop.gov).

SUPPLEMENTARY INFORMATION: PIIA recodified the Do Not Pay Initiative in Title 31 of the U.S. Code. The Do Not Pay Initiative includes the use of databases described in Title 31 of the U.S. Code and the use of other databases designated by the Director of OMB, or the designee of the Director, in consultation with executive agencies. The Do Not Pay Initiative is designed to help Federal agencies in the executive branch (hereinafter “Federal agencies”), the judicial and legislative branches of the Federal government, and states, as well as any contractor, subcontractor, or agent of a state, review payment and award eligibility for purposes of identifying and preventing improper payments. As part of the Do Not Pay Initiative, OMB designated Treasury to host the Do Not Pay Working System, which is a centralized portal through which users can search multiple databases to obtain information about potential payees and awardees. PIIA¹ authorizes OMB to designate additional databases for inclusion in the Do Not Pay Initiative if the database substantially assists in preventing improper payments.

Do Not Pay Working System Privacy, Security, and Legal Implications

¹ Codified at 31 U.S.C. 3351-58.

Treasury reports that all Do Not Pay Working System (hereinafter “Do Not Pay”) users and administrators are required to sign rules of behavior stipulating their responsibilities to minimize risks associated with the use of specific data. Treasury also reports that it has dedicated resources to establish a privacy program based on applicable requirements, the Fair Information Practice Principles, and industry best practices. Treasury reports that its privacy program supports various internal controls in collaboration with Treasury leadership and legal counsel and that projects are reviewed by Treasury through a data usage governance process. Treasury has responsibility for compliance with privacy restrictions and manages risks associated with the use of specific data to reduce improper payments for Do Not Pay users.

Treasury risk mitigation measures for Do Not Pay include maintaining a current and compliant Security Accreditation and Authorization package, in accordance with Federal Information Security Modernization Act of 2014 requirements. Additionally, to reduce the likelihood of unauthorized access, login to Do Not Pay requires Personal Identity Verification credentials, Login.gov account management, or ID.ME.

Overview of Designating BEP

OMB has reviewed the recommendation of Treasury to designate the VA BEP database to Do Not Pay for use with PARIS.

The designation of BEP to Do Not Pay for use with PARIS will provide State Public Assistance Agencies (SPAAs) with VA compensation and pension data on a periodic basis to use in determining the eligibility of public assistance applicants and recipients for benefits under Medicaid, Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and other general assistance programs. Through this proposed designation, BEP will only be available for use with PARIS and SPAAs; it will not be available for use by other Do Not Pay users.

PARIS, as a data matching service, involves interstate matching and the use of other relevant databases to establish client eligibility for benefits and supports state identification of potentially improper payments. The U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) is the Facilitating Agency for PARIS. The Treasury Bureau of the Fiscal Service (Fiscal Service) is the Technical Service Provider for PARIS conducting the match and providing associated support. Fiscal Service became the Technical Service Provider for PARIS in 2024, and this role was previously fulfilled by the Defense Manpower Data Center (DMDC) at the U.S. Department of Defense (DOD). Fiscal Service reports that they are able to perform this work through the Do Not Pay authorities to work with states and others for the purpose of verifying payment or award eligibility for payments. The use of VA data by SPAAs began in 1993 and has, for over 30 years, supported program integrity and substantially assisted in the prevention of improper payments.

OMB proposes to designate BEP for inclusion in Do Not Pay for use with PARIS because this database will continue to substantially assist in preventing improper payments. In making this determination, OMB considered the following: (1) statutory or other limitations on the use and sharing of specific data; (2) privacy restrictions and risks associated with specific data; (3) likelihood that the data will strengthen program integrity across programs and agencies; (4) benefits of streamlining access to the data through Do Not Pay; (5) costs associated with expanding or centralizing access, including modifications needed to system interfaces or other capabilities in order to make data accessible; and (6) other policy and stakeholder considerations, as appropriate.

Considerations for designating BEP

1. *Statutory or other limitations on the use and sharing of specific data*

The use and sharing of the BEP data would be subject to the Privacy Act of 1974, as amended (5 U.S.C. § 552a) and the requirements outlined in a matching agreement and memorandum of understanding between VA, DOD/DMDC, Treasury/Fiscal Service, HHS/ACF, and the SPAAs. PIIA authorizes access to, and use of, Do Not Pay by states

and any contractor, subcontractor, or agent of a state, for the purpose of verifying payment or award eligibility for payments. In this case, however, as discussed above, OMB is proposing a limited designation of BEP, which will only be available for use with PARIS and SPAAs; it will not be available for use by other Do Not Pay users

2. *Privacy restrictions and risks associated with specific data*

In evaluating potential privacy risks and compliance measures associated with the designation, Fiscal Service conducted a privacy risk assessment for BEP. The privacy risk assessment for BEP aimed to: ensure conformance with applicable legal, regulatory, and policy requirements for privacy, including the Privacy Act of 1974; determine the risks and effects; and evaluate protections and alternative processes to mitigate potential privacy risks.

DMDC will provide Fiscal Service a file containing data on individuals' compensation and benefits, as well as identifying information, for VA benefit and compensation recipients. SPAAs participating in PARIS will also provide Fiscal Service with a non-Federal file containing identifying information, including Social Security numbers (SSNs), about public assistance applicants and clients. Fiscal Service Do Not Pay will compare the SPAA file to the VA file and will provide the SPAA with match results.

The SPAAs are responsible for verifying and determining if the data in the match results output file is consistent with the data in SPAAs public assistance files and for resolving any discrepancies or inconsistencies as to positive identification on an individual basis.

If a SPAA intends to reduce, suspend, terminate, or deny benefits as a result of information provided by Fiscal Service, the SPAA must provide appropriate notice and the opportunity to respond in accordance with 42 CFR 431.200-250 for the Medicaid Program, 7 CFR 273.15 for SNAP, state-established procedures for TANF, and other applicable program procedures.

Fiscal Service will only maintain the information necessary for processing and matching purposes. The SPAAs will retain the identifiable records (hits) resulting from the match only for the period of time required for any processing related to the matching program and will then destroy the records unless the information must be retained in individual files to meet evidentiary requirements.

3. *Likelihood that the data will strengthen program integrity across programs and agencies*

The BEP database will strengthen program integrity at VA, HHS, and the U.S. Department of Agriculture (USDA), at a minimum, through its use to assist in the determination of applicant and recipient eligibility for public assistance benefits under Medicaid, TANF, SNAP, and other general assistance programs.

The designation of BEP to Do Not Pay for PARIS will strengthen program integrity across programs and agencies by facilitating: (A) income verification (a process by which States compare income reported to the State by the client to income the client is actually receiving according to the BEP database) and (B) the coordination of benefits (e.g., between Medicaid and VA benefits).

4. *Benefits of streamlining access to the data through Do Not Pay*

Fiscal Service Do Not Pay became the Technical Service Provider for PARIS in 2024 and began conducting the PARIS interstate matching in Fall 2024 (identifying individuals who may be applying for or receiving benefits in more than one participating state or territory). The designation of BEP for use with PARIS will allow Do Not Pay to supplement the interstate matching with additional data important for SPAAs and the determination of applicant and recipient eligibility for assistance programs.

5. *Costs associated with expanding or centralizing access, including modifications needed to system interfaces or other capabilities in order to make data accessible*

Do Not Pay is already receiving the SPAA files from 45 states and the District of Columbia for interstate matching. The additional activity to occur through the designation

of BEP to Do Not Pay for PARIS is the comparison of the participating state and territory data files against the BEP database. Costs associated with centralizing access to VA BEP may be absorbed into the scope of regular development.

6. *Other policy and stakeholder considerations*

Sec. 1137 and 1903(r) of the Social Security Act [42 U.S.C. 1320b–7 and 42 U.S.C. 1396b] discuss how state agencies administering certain programs shall exchange with each other information for use in establishing or verifying eligibility or benefit amounts. Sec. 1903(r) references PARIS and how states must have in operation an eligibility determination system which provides for data matching through PARIS or any successor system as a condition of receiving Medicaid funding for automated data systems.

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