

Date of Approval: October 17, 2016

PIA ID Number: 1899

A. SYSTEM DESCRIPTION

1. Enter the full name and acronym for the system, project, application and/or database. ACA Information Returns, AIR

2. Is this a new system? No

2a. If **no**, is there a PIA for this system? Yes

If **yes**, enter the full name, acronym, PIA ID Number and milestone of the most recent PIA.

Affordable Care Information Returns (AIR) 7.0, PCLIA 1363

Next, enter the **date** of the most recent PIA. 10/3/2014

Indicate which of the following changes occurred to require this update (check all that apply).

- Yes Addition of PII
- No Conversions
- No Anonymous to Non-Anonymous
- No Significant System Management Changes
- No Significant Merging with Another System
- No New Access by IRS employees or Members of the Public
- No Addition of Commercial Data / Sources
- No New Interagency Use
- No Internal Flow or Collection

Were there other system changes not listed above? No

3. Check the current ELC (Enterprise Life Cycle) Milestones (select all that apply)

- No Vision & Strategy/Milestone 0
- No Project Initiation/Milestone 1
- No Domain Architecture/Milestone 2
- Yes Preliminary Design/Milestone 3
- Yes Detailed Design/Milestone 4A
- Yes System Development/Milestone 4B
- No System Deployment/Milestone 5
- No Operations & Maintenance (i.e., system is currently operational)

4. Is this a Federal Information Security Management Act (FISMA) reportable system? Yes

A.1 General Business Purpose

5. What is the general business purpose of this system? Provide a clear, concise description of the system, application or database, the reason for the system, and the benefits to the IRS to use the information, and how the information will be used.

The AIR system processes information returns and reports required by the ACA. AIR processes reports from pharmaceutical companies on the Branded Prescription Drugs (BPD) they produce to

facilitate the assessment of the BPD fee required by Internal Revenue Code (IRC) Section 9008. AIR processes reports from health insurers to facilitate the assessment of the Insurance Provider Fee (IPF) on health insurance policies required by IRC Section 9010. AIR collects and processes Forms 1095A information returns from Federal/State Exchanges. AIR includes the submission and processing of 1095-B Health Coverage, 1095-C Employer Provided Health Insurance Offer and coverage, 1094-B Transmittal of Health Coverage Information Returns, and 1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns. AIR also validates additional business rules for paper and electronic returns; accept fully transcribed paper submissions; reject at the submission level for all information returns (paper and electronic); reject at the transmission level due to duplicates (electronic); and support data analytics requirements for information returns processing. AIR also processes information related to the TCC (Transmitter Control Code), which identifies the transmitter of the electronic forms. Finally, AIR also is processing the forms associated with the Achieving a Better Life Experience (ABLE) Act.

B. PII DETAIL

6. Does the system use, collect, receive, display, store, maintain, or disseminate IR Code 6103 taxpayer information; or any type of Sensitive but Unclassified (SBU) or Personally Identifiable Information (PII)? Yes

6a. If **yes**, does the system use, collect, receive, display, store, maintain, or disseminate Social Security Numbers (SSN s) or tax identification numbers (i.e. last 4 digits, etc.)? Yes

If **yes**, check who the SSN (or tax identification number) is collected on.

Yes On Primary Yes On Spouse Yes On Dependent

If **yes**, check all types SSN s (or tax identification numbers) that apply to this system:

- Yes Social Security Number (SSN)
- Yes Employer Identification Number (EIN)
- Yes Individual Taxpayer Identification Number (ITIN)
- Yes Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)
- No Practitioner Tax Identification Number (PTIN)

Describe the planned mitigation strategy and forecasted implementation date to mitigate or eliminate the use of SSN s (or tax identification numbers).

There is no alternative solution. The full SSN is required for document matching.

6b. Does this system contain other (non-SSN) PII that it uses, collects, receives, displays, stores, maintains, or disseminates? (i.e. Names, addresses, etc.) Yes

If **yes**, specify the information.

<u>Selected</u>	<u>PII Element</u>	<u>On Primary</u>	<u>On Spouse</u>	<u>On Dependent</u>
Yes	Name	Yes	Yes	Yes
Yes	Mailing address	No	No	No
Yes	Phone Numbers	No	No	No
No	E-mail Address	No	No	No
Yes	Date of Birth	Yes	Yes	Yes
No	Place of Birth	No	No	No
No	SEID	No	No	No
No	Mother's Maiden Name	No	No	No
No	Protection Personal Identification Numbers (IP PIN)	No	No	No

No	Internet Protocol Address (IP Address)	No	No	No
No	Criminal History	No	No	No
No	Medical Information	No	No	No
No	Certificate or License Numbers	No	No	No
No	Vehicle Identifiers	No	No	No
No	Passport Number	No	No	No
No	Alien (A-) Number	No	No	No
No	Financial Account Numbers	No	No	No
No	Photographic Identifiers	No	No	No
No	Biometric Identifiers	No	No	No
No	Employment (HR) Information	No	No	No
No	Tax Account Information	No	No	No

6c. Does this system contain SBU information that is not PII, it uses, collects, receives, displays, stores, maintains, or disseminates? Yes

If **yes**, select the types of SBU

<u>Selected</u>	<u>SBU Name</u>	<u>SBU Description</u>
Yes	Agency Sensitive Information	Information which if improperly used or disclosed could adversely affect the ability of the agency to accomplish its mission
No	Procurement sensitive data	Contract proposals, bids, etc.
No	Official Use Only (OUO) or Limited Official Use (LOU)	Information designated as OUO or LOU is information that: is exempt under one of the statutory Freedom of Information Act exemptions; is prohibited by other laws or regulations; would significantly impede the agency in carrying out a responsibility or function; or would constitute an unwarranted invasion of privacy.
No	Proprietary data	Business information that does not belong to the IRS
No	Protected Information	Information which if modified, destroyed or disclosed in an unauthorized manner could cause: loss of life, loss of property or funds by unlawful means, violation of personal privacy or civil rights, gaining of an unfair procurement advantage by contractors bidding on government contracts, or disclosure of proprietary information entrusted to the Government
No	Physical Security Information	Security information containing details of serious weaknesses and vulnerabilities associated with specific systems and facilities
No	Criminal Investigation Information	Information concerning IRS criminal investigations or the agents conducting the investigations.

6d. Are there other types of SBU/PII used in the system? Yes

If **yes**, describe the other types of SBU/PII that are applicable to this system. AIR will process Transmitter Control Codes (TCC). The TCC is used to identify transmitters and track their Information Return files through processing. A transmitter must submit an application for electronic filing, and must be approved, in order to be assigned a TCC. A TCC is required to transmit ACA information Returns directly to the IRS.

6e. Cite the authority for collecting SBU/PII (including SSN if relevant)

Yes	PII for federal tax administration is generally Internal Revenue Code Sections 6001, 6011, 6012e(a)
Yes	SSN for tax returns and return information is Internal Revenue Code Section 6109
No	SSN for personnel administration (IRS Employees) is 5 USC & Executive Order 9397
No	PII for personnel administration is 5 USC
No	PII about individuals for Bank Secrecy Act compliance 31 USC
No	Information by CI for certain money laundering cases may be 18 USC

6f. Has the authority been verified with the system owner? Yes

B.1 BUSINESS NEEDS AND ACCURACY

7. Explain the detailed business needs and uses for the SBU/PII, and how the SBU/PII is limited only to that which is relevant and necessary to meet the mission requirements of the system. If SSNs (or tax identification numbers) are used, explicitly explain why use of SSNs meets this criteria. Be specific.

The PII are the data elements required by the information reporting requirements of IRC Section 36B (Health Insurance Premium Tax Credit), IRC Section 6055 (Reporting of Health Insurance Coverage), and IRC Section 6056 (Large Employers Required to Report on Health Insurance Coverage). The data will be required on ACA Information Returns.

8. How is the SBU/PII verified for accuracy, timeliness, and completeness? Explain how steps are taken to ensure that all information maintained by the system that is used by IRS to make any adverse determination about an individual's rights, benefits, and/or privileges is maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in the determination

Healthcare coverage information may sometimes be transmitted by third parties authorized to submit forms on their behalf. It is the responsibility of the business trading partner who sends the data to ensure it is correct, timely, and complete, but the Payer is responsible for the accuracy of the return and is liable for any penalties. As AIR makes no changes to data, the data will be as accurate, relevant, timely, and complete as it was when the business trading partner sent it to AIR. Information coming from IRS systems will be assumed to be accurate. Certain data may be validated and perfected against existing tax records.

C. PRIVACY ACT AND SYSTEM OF RECORDS

9. Are 10 or more records containing SBU/PII maintained, stored, and/or transmitted by or through this system? Yes

9a. If **yes**, are records in the system retrieved by any personal identifier (e.g., name, SSN, Photograph, IP Address) for an individual? Yes

If **yes**, is there a System of Records Notice(s) or SORNs that addresses the PII records in this system? Yes

If **yes**, enter the SORN number(s) and the complete the name of the SORN.

SORNS Number SORNS Name

Treas/IRS 24.030 IMF

Treas/IRS 24.046 BMF

Treas.IRS 34.037 Audit Trail and Security Records System

If **yes**, does the System of Records Notice(s) (SORN) published in the Federal Register adequately describe the records as required by the Privacy Act? Yes

D. RESPONSIBLE PARTIES

10. Identify the individuals for the following system roles. ##Official Use Only

E. INCOMING PII INTERFACES

11. Does the system receive SBU/PII from other system or agencies? Yes

11a. If **yes**, does the system receive SBU/PII from IRS files and databases? No

11b. Does the system receive SBU/PII from other federal agency or agencies? Yes

If **yes**, for each federal interface, identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA)/Memorandum of Understanding (MOU).

<u>Organization Name</u>	<u>Transmission method</u>
<u>ISA/MOU</u> Centers for Medicare and Medicaid Services	Electronic Yes

11c. Does the system receive SBU/PII from State or local agency (-ies)? Yes

If **yes**, for each state and local interface identify the organization that sends the SBU/PII, how the SBU/PII is transmitted and if there is an Inter-Agency Agreement (ISA) /Memorandum of Understanding (MOU).

<u>Organization Name</u>	<u>Transmission method</u>	<u>ISA/MOU</u>
State Based Marketplace	Electronic	No

11d. Does the system receive SBU/PII from other sources? No

11e. Does the system receive SBU/PII from **Taxpayer** forms? Yes

If **yes**, identify the forms

Form Number Form Name

1095-A Health Insurance Marketplace Statement
1095-B Health Coverage
1095-C Employer-Provided Health Insurance Offer and Coverage
1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage
Information Returns
1094-B Transmittal of Health Coverage Information Returns

11f. Does the system receive SBU/PII from **Employee** forms (such as the I-9)? No

F. PII SENT TO EXTERNAL ORGANIZATIONS

12. Does this system disseminate SBU/PII? Yes

12a. Does this system disseminate SBU/PII to other IRS Systems? Yes

If **yes**, identify the full name and acronym of the IRS system(s) that receive SBU/PII from this system.

<u>System Name</u>	<u>Current PIA?</u>	<u>PIA Approval Date</u>	<u>SA & A?</u>	<u>Authorization Date</u>
Integrated Enterprise Portal (IEP)	No		Yes	10/10/2014
Enterprise Service Bus (ESB)	No		No	10/10/2014
Business Analytics (BA)	No		No	10/10/2014
Integrated Submission and Remittance Processing (ISRP)	Yes	01/10/2014	Yes	10/10/2014
Information Returns Database (IRDB)	Yes	01/10/2014	Yes	05/19/2015
Coverage Data Repository (CDR)	Yes	01/10/2014	Yes	05/19/2015

Identify the authority and for what purpose? The following systems are identified and approved by the IRS to process/transmit/store information from AIR: Integrated Submission and Remittance Processing (ISRP), Service Center Recognition Image Processing System (SCRIPS) images, Integrated Enterprise Portal IEP), Enterprise Service Bus (ESB), Business Analytics (BA), Information Returns Database (IRDB), and Coverage Data Repository (CDR).

12b . Does this system disseminate SBU/PII to other Federal agencies? No

12c. Does this system disseminate SBU/PII to State and local agencies? No

12d. Does this system disseminate SBU/PII to IRS or Treasury contractors? No

12e. Does this system disseminate SBU/PII to other Sources? No

G. PRIVACY SENSITIVE TECHNOLOGY

13. Does this system use social media channels? No

14. Does this system use privacy-sensitive technologies such as mobile, cloud, global position system (GPS), biometrics, RFID, etc.? No
15. Does the system use cloud computing? No
16. Does this system/application interact with the public? No

H. INDIVIDUAL NOTICE AND CONSENT

17. Was/is notice provided to the individual prior to collection of information? Yes

17a. If **yes**, how is notice provided? Was the individual notified about the authority to collect the information, whether such is mandatory or voluntary, the purpose for which the information will be used, with whom the information may be shared, and the effects, if any, if they decide not to provide any of the requested information?
All forms come with instructions on what is required.

18. Do individuals have the opportunity to decline from providing information and/or from consenting to particular uses of the information? No

18b. If no, why not? Reporting of health care insurance information is mandatory for all designated providers (Insurers and Employers).

19. How does the system or business process ensure due process regarding information access, correction and redress?

After checking status to find out that their submission contains an error or was rejected, the submitter can correct the error(s) in their own environment and re-submit. The rejection response from the IRS to the submitter will include details as to why the submission was rejected. Likewise, in the case of incorrect information that does not cause a reject, the submitter will be informed as to exactly what elements are incorrect. Transmitters will have access to IRS personnel (dedicated phone lines), as well as documentation (published documents as well as material at IRS.gov) to assist them in interpreting the responses, making necessary corrections, and resubmitting the transmission.

I. INFORMATION PROTECTION

20. Identify the owner and operator of the system (could be IRS owned and Operated; IRS owned, contractor operated; contractor owned and operated)

IRS Owned and Operated

21. The following people have access to the system with the specified rights:

IRS Employees? Yes

<u>IRS Employees?</u>	<u>Yes/No</u>	<u>Access Level(Read Only/Read Write/Administrator)</u>
Users	Yes	Read-Only
Managers	Yes	Read-Only
Sys. Administrators	Yes	Read and Write
Developers	Yes	Read And Write

Contractor Employees? Yes

<u>Contractor Employees?</u>	<u>Yes/No</u>	<u>Access Level</u>	<u>Background Invest. Level</u>
Contractor Users	Yes	Read-Only	Moderate
Contractor Managers	Yes	Read-Only	Moderate
Contractor Sys. Admin.	Yes	Read and Write	Moderate
Contractor Developers	Yes	Read and Write	Moderate

21a. How is access to SBU/PII determined and by whom? Internal Users (IRS Employees) – Internal Users are subject to management, system administrator, data administrator, and security administrator approval via the Online 5081 (OL5081) system. No contractors have access to the system. OL5081 is used to document access requests, modifications, terminations for all types of users, including system administrators. External Users do not have access to PII on AIR.

21b. If computer matching occurs, can the business owner certify that it meets requirements of IRM 11.3.39 Disclosure of Official Information, Computer Matching & Privacy Protection Act ?
Not Applicable

I.1 RECORDS RETENTION SCHEDULE

22. Are these records covered under the General Records Schedule (GRS), or have a National Archives and Records Administration (NARA) archivist approved a Record Control Schedule (RCS) for the retention and destruction of official agency records stored in this system? Yes

22a. If **yes**, how long are the records required to be held under the corresponding RCS and how are they disposed of? In your response, please include the complete IRM number 1.15.XX and specific item number and title.

AIR is an IRS application/system. ACA Information Return data is approved for destruction under National Archives and Records Administration (NARA) Job No. NC1-58-77-4, and published in IRS Document 12990 under Records Control Schedule (RCS) 29 for Submissions Processing Campus Records, item 85. In advance of its operational date, system administrators and business unit representatives will ensure the AIR system recordkeeping is in compliance with instructions outlined in RCS 29. Should any updates or modifications to approved retention requirements be necessary to meet or accommodate AIR data collection and maintenance needs, the business owner/developer will coordinate with the IRS Records and Information Management (RIM) Program Office to discuss and seek approval for those changes, as appropriate.

I.2 SA&A OR ECM-R

23. Has the system been through SA&A (Security Assessment and Authorization) or ECM-R (Enterprise Continuous Monitoring Reauthorization)? Yes

23a. If **yes**, what date was it completed? 5/4/2015

23.1 Describe in detail the system s audit trail. All AIR auditable events are captured by the underlying infrastructure. AIR depends on the approved SAAS and Platform Level Audit Plans and associated events. The current Audit Plan identifies all applicable Platform Audit Plans where all infrastructure level audit events are detailed. AIR will have auditing capabilities that conforms to IRM 10.8.3. The AIR Audit Plan details how event log monitoring is performed.

J. PRIVACY TESTING

24. Does the system require a System Test Plan? Yes

24b. If **yes**, Is the test plan in process or completed: In Process

If **in process**, when is the test plan scheduled for completion? 12/31/2015

24.3 If **completed/ or in process**, describe what testing and validation activities have been conducted or are in progress to verify and validate that the applicable Privacy Requirements (listed in header) have been met?

Testing will be conducted for the Privacy Non-Functional Requirements as stated in ReqPro. AIR follows Enterprise Life Cycle and requires test plans. The PS&I Artifact strategy has a completion date of 8/10/16 for the Release Level Test Plan.

K. SBU Data Use

25. Does this system use, or plan to use SBU Data in Testing? No

L. NUMBER AND CATEGORY OF PII RECORDS

26. Identify the number of individual records in the system for each category:

26a. IRS Employees: 50,000 to 100,000
26b. Contractors: More than 10,000
26c. Members of the Public: More than 1,000,000
26d. Other: No

M. CIVIL LIBERTIES

27. Does the system maintain any information describing how any individual exercises their rights guaranteed by the First Amendment? No

28. Is the system information used to conduct data-mining as defined in the *Implementing the 9/11 Commission Recommendations Act of 2007, Public Law 110-53, Section 804*? No

29. Will this system have the capability to identify, locate, and monitor individuals or groups of people? No

N. ACCOUNTING OF DISCLOSURES

30. Does the system include or require disclosure of tax or employee information to anyone other than IRS employees in the performance of their duties, or to the person to whom the information pertains or to a 3rd party pursuant to a Power of Attorney, tax or Privacy Act consent? No

End of Report
