

**Supporting Statement For
OMB Clearance**

**Insurance Match
0970-0342**

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SUPPORTING STATEMENT:

PART A – JUSTIFICATION

Part A of the Supporting Statement for this information collection, the Insurance Match Program, addresses the 18 points outlined in Part A of 5 CFR 1320.

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

The Deficit Reduction Act of 2005 amended Section 452 of the Social Security Act to authorize the Secretary of Health and Human Services (HHS), through the Federal Parent Locator Service (FPLS), to conduct comparisons of information concerning individuals owing past-due child support with information maintained by insurers (or their agents) concerning insurance claims, settlements, awards and payments (hereinafter, "claims"). 42 U.S.C. § 652(l) (to be redesignated (m)).

The purpose for conducting the information comparison is to help state IV-D agencies identify individuals who are eligible to receive a payout from an insurance claim and who owe past-due support. Insurance companies or their agents may provide claims data to the Federal Office of Child Support Enforcement (OCSE) to compare with information contained on the Debtor File or OCSE may send obligors on the Debtor File who are eligible for the insurance match program to the insurer or their agent to compare with claims data. OCSE returns matches to the state IV-D agency responsible for collecting past-due support.

OCSE also receives workers' compensation claims information from state workers' compensation agencies either directly or through the state IV-D agency. OCSE compares the claims information provided by the workers' compensation agencies with individuals on the Debtor File and sends matches to the state(s) responsible for collecting past-due support.

OCSE, which operates the FPLS in accordance with Section 453(a)(1) of the Social Security Act, streamlined an insurance match process to reduce the burden on insurers and state IV-D agencies. OCSE designed, developed and implemented an efficient, cost-effective, centralized process to accomplish the insurance match and provide the results to the state IV-D agency responsible for collecting past-due child support.

The information collection described in this notice is essential for OCSE to assist states in performing collection and enforcement services.

2. Purpose and Use of the Information Collection

2.1 How the Information Is to Be Used

Insurance claims information is compared to OCSE's Debtor File (located in the system of records, "OCSE Debtor File", last published at 76 FR 560, January 5, 2011) which contains information about individuals who owe past-due child support.

State IV-D agencies provide OCSE information pertaining to individuals owing past-due child support who are also eligible for the insurance match. This information is maintained in the Debtor File.

OCSE returns matched claims information to the state IV-D agency responsible for collecting the past-due support through the Federal Case Registry (FCR) component of the FPLS or through other secure methods, as directed by state IV-D agencies and in accordance with requirements outlined in 42 U.S.C. § 653(m).

2.2 By Whom the Information Is to Be Used

OCSE uses the information provided by state WC agencies, insurers or their agents to:

1. compare claims information to information contained in the Debtor File and send matches to the state IV-D agencies; or
2. receive matches from insurers or their agents and send the matches to the state IV-D agencies.

States use the information resulting from the comparisons to send the appropriate paperwork to withhold support from the payout resulting from the insurance claims.

2.3 For What Purpose the Information Is to Be Used

The information collected from state WC agencies, insurers or their agents is used by OCSE to identify individuals who are eligible to receive a payout from an insurance claim and who owe past-due support.

State IV-D agencies use the results of the comparison for the purpose of collecting past-due child support and, as appropriate, current support.

3. Use of Improved Technology and Burden Reduction

OCSE maintains and operates the Federal Parent Locator Service (FPLS), which consists of two databases: the Federal Case Registry of Child Support Orders (FCR) and the National Directory of New Hires (NDNH). The state IV-D agencies use the FPLS to locate noncustodial parents (NCPs), establish paternity and support orders and enforce those orders. The FPLS also assists states in locating NCPs residing in different states.

The Insurance Match Program is a voluntary program operated by OCSE that is a cost effective and efficient data match process that limits the burden on insurers who, in turn, provide valuable information to help state IV-D agencies collect past-due support. Insurers and their agents that participate in the program receive information from OCSE via CyberFusion (CFI), Secure File Transfer (SFTP) or another mutually agreed upon secure transmission method.

The results of the information comparison are transmitted to state IV-D agencies via the FCR using the aforementioned secure methods, as directed by the state and in accordance with requirements outlined in 42 U.S.C. § 653(m), to ensure the security of the information.

In an effort to increase the options available for insurers participating in the program, OCSE is currently developing a web application, the Debt Inquiry Service, which will allow insurers, prior to making a payment, to enter information about a claimant to

determine if he/she owes past-due child support. The claimant information will be compared to information contained on OCSE's Debtor File for the state IV-D agencies that opt to participate in the program. OCSE will send the results of the information comparison to the state IV-D agency (or agencies) responsible for collecting the past-due support.

Impact on respondents is reduced by offering insurers three methods for conducting the insurance comparison: (1) OCSE sends a file to the insurer or agent containing approximately five million individuals who owe past-due support; (2) the insurer or agent sends claims information to OCSE to conduct the match; (3) insurers may use the Debt Inquiry Service.

In addition to these options, OCSE allows state WC agencies to transmit data via CyberFusion (CFI), Secure File Transfer Protocol (SFTP), encrypted emails or CD's to the state IV-D agencies, when available, resulting in a minimum of effort and resources from a respondent.

4. Efforts to Identify Duplication and Use of Similar Information

The OCSE insurance match program was designed to identify duplicate data. The system has the capability of maintaining 13 months of Insurance Match results (output files); therefore, as monthly matches are conducted and output files are created, the system will identify records in which a match result had previously been sent to the state IV-D agencies. This record will not be returned to the states as they have already received the information.

The Child Support Lien Network (CSLN) is an organization that collects similar obligor information from states and claims data from insurers. The network is a consortium of states with Rhode Island as the lead/host state. CSLN collects information from state IV-D agencies and on a daily basis electronically matches the information with the claims contained in ISO's ClaimSearch database. This is a fee-for-service program; therefore, states must become a member of the consortium and pay a fee to receive matches through CSLN.

5. Impact on Small Businesses or Other Small Entities

OCSE minimizes the impact on small businesses and other entities by reimbursing reasonable costs for development of this information collection.

Federal law provides that the costs incurred by a state or federal agency in providing information to OCSE shall be reimbursed by OCSE in an amount which OCSE determines to be reasonable payment for the information exchange (this amount shall not include payment for the costs of obtaining, compiling or maintaining the information). 42 U.S.C. § 653(e)(2). The amount of the reimbursement will be determined on a case-by-case basis and agreed upon between OCSE and the respondent.

6. Consequences of Collecting the Information Less Frequently

OCSE requires that the data match occur at least monthly. If the data collection is conducted less frequently than monthly, state IV-D agencies may not receive information before a payment is made to a NCP owing past-due child support. The timely collection of data also enhances state IV-D agencies' ability to receive child support sooner, which increases child support collections resulting in money reaching families more quickly. Failure to realize the optimal collection of past-due child support is the key consequence of collecting the information less frequently.

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5

Pursuant to information provided in Section 6, information is requested from respondents monthly rather than quarterly as provided in Section (d)(2)(i) in order to give state IV-D agencies the opportunity to optimize collections. The data requested includes personally identifiable information (PII) and the collection and use of this data is conducted in accordance with 42 U.S.C. § 653(m) and OCSE policies.

8. Comments in Response to the Federal Register Notice and Efforts to Consult Outside the Agency

A notice of the information collection was published at 76 FR 8742 on February 15, 2011. The notice provided a 60-day comment period for the public to submit any comments about this information collection. No comments were received.

9. Explanation of Any Payment or Gift to Respondents

Federal law provides that the costs incurred by a state or federal agency in providing information to OCSE shall be reimbursed by OCSE in an amount which OCSE determines to be reasonable payment for the information exchange (this amount shall not include payment for the costs of obtaining, compiling or maintaining the information). 42 U.S.C. § 653(e)(2). The amount of the reimbursement will be determined on a case-by-case basis and agreed upon between OCSE and the respondent.

10. Assurance of Confidentiality Provided to Respondents

The Secretary of HHS is required by law to establish and implement safeguards to restrict access to and use of confidential information to authorized persons. 42 U.S.C. § 653(m). In addition, each state must have in effect safeguards, applicable to all confidential information handled by the state IV-D agency, that are designed to protect the privacy rights of the parties. 42 U.S.C. § 654(26). All state data is transmitted over secure and dedicated lines to the FPLS or by other secure methods as directed by state IV-D agencies and in accordance with requirements outlined in 42 U.S.C. § 653(m).

11. Justification for Sensitive Questions

An individual's Social Security number (SSN) is a key to conducting the comparison of information concerning individuals owing past-due support with information maintained by insurers or their agents concerning insurance claims. Use of the SSN enhances the accuracy

of the information resulting from the information comparison, increasing the probability that the insurance claim match is correctly associated with the individual owing past-due child support. Information received through this collection of data, including SSNs, is safeguarded through normal FPLS processing in accordance with 42 U.S.C. § 653(m).

As required by law or the individual respondent, OCSE and the respondent enter into an agreement outlining the nature of the collection of data along with data requirements, use and benefits.

12. Estimates of Annualized Burden Hours and Costs

There are 18 respondents currently participating in the matching program. They represent the Insurance Services Office (ISO), 16 state WC agencies, and the United States Department of Labor.

OCSE estimates that there will be a total of 22 respondents participating in the insurance match within the next three years. OCSE selected four current respondents to obtain estimated burden hours. The sample included workers’ compensation programs in Wisconsin, Illinois, and Michigan and ISO, the agent that represents over 500 insurance companies that participate in the data match program. These respondents indicated to OCSE that the estimated hour burden in processing the insurance file averages 30 minutes (or .5 hours). They also indicated the same average burden for executing the Insurance Match Agreement.

Table 12.1

Instrument	Number of Respondents	Number of Responses per Respondent	Average Burden Hours Per Response	Total Burden Hours
Insurance Match Agreement	22	1	.5 hours	11 hours
Insurance Match File	22	12	.5 hours	132 hours

Estimated Total Annual Burden Hours: 143

The comparison of insurance claims information with information concerning individuals owing past-due support is optional for state WC agencies, insurers or their agents. The data match must occur at least monthly; therefore, the estimates provided above were calculated by OCSE using a monthly frequency.

12.2 Respondents' Cost for Hour Burden

Reporting Requirement	Average Annualized Cost Per Respondent¹	Total Annualized Cost²
Insurance Match Agreement	\$22.51	\$495.31
Insurance Match File	\$270.17	\$5,943.72
Total		\$6,439.03

13. Estimate of Other Total Annual Cost Burden to Respondents and Record Keepers

Table 13.1

	Total Annual Capital/Startup Costs for New Respondents	Average Annual Operation and Maintenance Costs for Respondents
Insurance Match File	\$2,206.10	\$1,320.00

The annual cost burden includes one-time start-up programming costs for state WC agencies to program their systems to provide the information required to participate in the Insurance Match program. The figures in Table 13.1 are start-up cost estimates based on information provided to OCSE by South Dakota and Pennsylvania state WC agencies. South Dakota's cost estimate for initial start-up was \$2,304, and Pennsylvania's start-up fee totaled \$1,000, making the average cost for a new respondent to be \$1,697. Four new participants are anticipated over the next three years, or an average of 1.3 new participants per year, producing total start-up costs of \$2,206 per year for new respondents.

Based on the information provided by the South Dakota and Pennsylvania WC agencies, the estimated average annual operation and maintenance cost per respondent is \$60, making the operation and maintenance costs for all 22 respondents approximately \$1,320. There are no capital costs.

Estimated Total Costs: \$3526.10

¹ Average Annualized Cost per Respondent was calculated by multiplying the burden hours by averaging the hourly cost provided by South Dakota and the US Bureau of Labor Statistics equaling \$45.03 and then dividing by the number of respondents.

² Total Annualized Cost was calculated by multiplying the number of respondents by the Average Annualized Cost per Respondent.

14. Annualized Cost to the Federal Government

The estimated annualized cost to the federal government is \$654,533. OCSE contracts with ISO to compare data concerning individuals who owe past-due support contained in a file provided by OCSE with insurance claims data as authorized by their customers, and return matches to OCSE. The contract states that OCSE will pay ISO \$6.75 per match transmitted, which averages \$491,864 annually. The remaining \$162,669 in costs includes federal salaries and contractor costs.

15. Explanation for Program Changes or Adjustments

This annualized cost to the federal government was adjusted from the previous PRA submission to include costs of the matching agreement with the ISO.

An adjustment was made to the number of respondents from the previous PRA approval, from 15 to 22 respondents and the frequency was adjusted from weekly to monthly because some of the participants are not able to match weekly. This will change the total burden hours from 398 hours to 143 hours.

An adjustment was made from the previous cost of \$1866 to \$3526.10 based on the average annualized cost per respondent. The calculation was made by multiplying the burden hours and averaging the hourly cost provided by South Dakota and the US Bureau of Labor Statistics, equaling \$45.03, and then dividing by the number of respondents. The total annualized cost was calculated by multiplying the number of respondents by the average annualized cost per respondent.

16. Plans for Tabulation and Publication and Project Time Schedule

The results of the information comparison, in aggregate form and without personal identifiers, will be analyzed and reported annually in the Child Support Enforcement Annual Report to Congress. The information is not planned for statistical use.

17. Reason(s) Display of OMB Expiration Date is Inappropriate

Not applicable.

18. Exceptions to Certification for Paperwork Reduction Act Submissions

Not applicable.

SUPPORTING STATEMENT:

PART B – STATISTICAL METHODS
(used for collection of information employing statistical methods)

The information collection requirements outlined in this report do not employ the use of statistical methods.

1. Respondent Universe and Sampling Methods
2. Procedures for the Collection of Information
3. Methods to Maximize Response Rates and Deal with Nonresponse
4. Test of Procedures or Methods to be Undertaken
5. Individuals Consulted on Statistical Aspects and Individuals Collecting and/or Analyzing Data

APPENDIX A: State IV-D Agencies Insurance Match Standard Input File Detail Record

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