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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

CHRIS CAMPBELL, STAFF DIRECTOR
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February 23, 2015

The Honorable Marilyn Tavenner
Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

The Honorable John Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Dear Ms. Tavenner and Mr. Koskinen:

Late last week, the Centers for Medicare & Medicaid Services disclosed that an estimated 800,000 individuals who purchased health insurance on the Federally-Facilitated Marketplace (FFM) received tax forms with incorrect information regarding premium costs. As CMS noted, this represents approximately 20% of the total number of people who purchased insurance on the FFM in 2014. CMS gave no explanation for the errors, noting only that the affected taxpayers “will soon receive an updated Form 1095-A.”

These mistakes will impose an unnecessary burden on affected taxpayers. All taxpayers who received incorrect information must now wait for the Treasury Department to provide corrected forms. Additionally, CMS estimates that about 50,000 taxpayers who received incorrect forms have already filed their taxes using incorrect information, and must now wait for corrected forms before filing amended returns. This process will delay the processing of returns for 800,000 taxpayers, postpone expected tax refunds, and further add to what Commissioner Koskinen has called a “miserable” tax filing season.

As Chairman of the Senate Committee on Finance, I have repeatedly expressed concerns about the preparedness of CMS and the Internal Revenue Service to implement provisions of ObamaCare in the coming filing season. These recent developments demonstrate why all responsible agencies must be transparent about their progress in implementing this law and the obstacles they have encountered. When mistakes are made, Congress and taxpayers are entitled to more forthright explanations than those offered in the blog post announcing these mistakes.

I ask that you provide answers to the following questions, as well as the documents requested, by no later than Monday, March 2, 2015. In complying with this request, please respond by repeating the enumerated request, followed by the accompanying response.

1. Describe in detail when and how your respective agencies discovered that Forms 1095-A had been incorrectly populated and issued.
 - a. Provide all documents, including but not limited to e-mails, related to the discovery of the issuance of the incorrect form.

2. Describe in detail how this error occurred, including:
 - a. The source of the errant data and the names of any contractors or agency offices tasked with populating these forms;
 - b. A description of the processes that were in place to populate the forms, and how these processes failed; and
 - c. How many total taxpayers were sent the incorrect forms, and what steps have been taken to ensure that all mistaken forms have been detected and that all affected taxpayers have been or will be contacted?

3. Why did you decide to wait until the close of open enrollment to announce this mistake?
 - a. Provide all documents, including but not limited to e-mails, regarding the timing and manner of announcing this error.

4. Of the estimated 800,000 affected taxpayers, how many received second lowest cost silver plan (SLCSP) information that was lower than the correct SLCSP? How many received SLCSP information that was higher than the correct SLCSP?

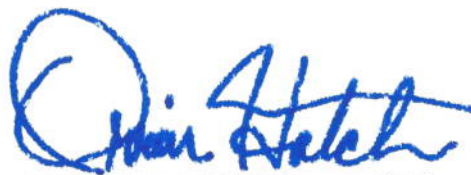
5. Does the IRS concur with CMS's estimate of 50,000 affected taxpayers who have already filed their returns?

6. What procedures are in place for affected taxpayers who have already filed their tax returns? Does the IRS plan to expedite processing of amended returns for these taxpayers?

7. What effect will these mistakes have on the IRS's administration of the 2015 tax filing season? What is the expected number of FTE hours for IRS employees to remedy these mistakes?

If you have any questions about this request, please contact Committee staff at (202) 224-4515.

Sincerely,



Orrin G. Hatch
Chairman, Senate Committee on Finance