

**Opening Statement of Chairman James Lankford
Subcommittee on Energy Policy, Health Care, and Entitlements**

**“Evaluating Privacy, Security, and Fraud Concerns with
ObamaCare’s Information Sharing Apparatus”**

July 17, 2013

Today’s hearing is focused on the purpose and design of the huge information sharing apparatus being constructed to implement the Affordable Care Act. The hearing will examine who will have access to sensitive personal information, who will contribute data, how the government will protect this information and why this information is necessary. We have the unusual combination of the IRS and HHS on our panel today because to accomplish the legal requirements of the ACA, they must work together to combine data for millions of people to allow exchanges to verify the subsidies and manage the intricacies of the ACA.

This is an oversight hearing on implementation of the law. The people giving testimony today did not write the law, they are only trying to make this confusing system work. We will not hold you responsible for the origin of the law; but we will have many questions about the variety of decisions you have made as you prepare to implement and enforce the law.

The large amount of information sharing raises the risk of identity theft and other types of misuse. This risk is even more pronounced since the Department of Health and Human Services has missed several of their own self-imposed deadlines. A document obtained from the Government Accountability Office revealed that as of April 2013, the Department had only completed 20 percent of its work to “establish appropriate privacy protections and capacity to accept, store, associate and process documents from individual applicants.” Today we hope to hear about the progress on the other 80% of the work.

Two weeks ago, Treasury announced that they would delay the employer mandate until 2015. Just days later, the Administration released another 650 pages of regulations that limited the degree of applicant verification required by exchanges during the first year of implementation. Instead of verifying, applicants will now be on the honor system for the subsidy. The potential for fraud and honest mistakes are multiplied since no one understands the law, the subsidy standards, how the administration defines qualified employer health plans or a myriad of other issues.

While I believe that the employer mandate is terrible public policy that has already hurt hundreds of thousands of Americans through fewer jobs and reduced work hours, the Administration cannot just rewrite the law on the fly.

Moreover, because of the Rube Goldberg construction of ObamaCare, the delay in the employer mandate and the refusal to do proper applicant verification means that the federal government will waste billions of dollars next year subsidizing people’s health insurance who are ineligible for coverage under the law.

The IRS has recently become highly politicized under this Administration around the implementation of the ACA and the rights of people from all political perspectives to operate a not for profit organization. After the passage of the ACA, then IRS Commissioner Shulman visited the White House over 100 times in a two-year period to discuss ObamaCare implementation. Shulman's predecessor at IRS, Mark Everson, shared his concern at an Oversight Committee hearing last year about the problem with the IRS being so deeply involved with ObamaCare and the serious threat this poses to "the historic independence of the IRS."

Sarah Hall Ingram has led IRS's implementation of the Affordable Care Act for three years. She was originally invited to testify at this hearing. However, because she may also be intricately connected with the IRS's targeting of conservative non-profit groups, I have accepted Acting IRS Commissioner Werfel's offer to testify in her place. There are many questions and issues facing the IRS, but today's focus is on the Data hub and the data sharing that is required because of the ACA. I welcome Commissioner Werfel's testimony today.

Marilyn Tavenner, Administrator of CMS, is also here today to field questions related to the federal data hub. Hopefully, she is prepared to address specific concerns about possible cyber related attacks as well a recent AP story from last weekend that "the uninsured could fall victim to fraud, identity theft or other crimes at the hands of some of the very people who are supposed to help them enroll."

I also welcome the attendance of the other witnesses at today's hearing.