

# EXAMINING THE IRS'S ROLE IN IMPLEMENTING AND ENFORCING OBAMACARE

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## HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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## **EXAMINING THE IRS'S ROLE IN IMPLEMENTING AND ENFORCING OBAMACARE**

**Wednesday, October 9, 2013**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
WASHINGTON, D.C.

The committee met, pursuant to call, at 9:38 a.m., in Room 2154, Rayburn House Office Building, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa, Mica, Turner, Duncan, McHenry, Jordan, Chaffetz, Walberg, Lankford, Amash, Gosar, DesJarlais, Gowdy, Farenthold, Hastings, Woodall, Collins, Meadows, Bentivolio, DeSantis, Cummings, Maloney, Norton, Tierney, Lynch, Connolly, Speier, Cartwright, Pocan, Duckworth, Kelly, Davis, Welch, Cardenas, Horsford, and Lujan Grisham.

Staff Present: Brian Blase, Senior Professional Staff Member; Molly Boyd, Senior Counsel and Parliamentarian; Lawrence J. Brady, Staff Director; David Brewer, Senior Counsel; Daniel Bucheli, Assistant Clerk; Caitlin Carroll, Deputy Press Secretary; Sharon Casey, Senior Assistant Clerk; Steve Castor, General Counsel; Drew Colliatie, Professional Staff Member; John Cuaderes, Deputy Staff Director; Adam P. Fromm, Director of Member Services and Committee Operations; Linda Good, Chief Clerk; Meinan Goto, Professional Staff Member; Tyler Grimm, Senior Professional Staff Member; Frederick Hill, Director of Communications and Senior Policy Advisor; Christopher Hixon, Deputy Chief Counsel, Oversight; Michael R. Kiko, Staff Assistant; Emily Martin, Counsel; Laura L. Rush, Deputy Chief Clerk; Sarah Vance, Assistant Clerk; Rebecca Watkins, Deputy Director of Communications; Tamara Alexander, Minority Counsel; Meghan Berroya, Minority Counsel; Yvette Cravins, Minority Counsel; Susanne Sachsman Grooms, Minority Deputy Staff Director/Chief Counsel; Jennifer Hoffman, Minority Communications Director; Chris Knauer, Minority Senior Investigator; Elisa LaNier, Minority Director of Operations; Una Lee, Minority Counsel; Juan McCullum, Minority Clerk; Dave Rapallo, Minority Staff Director; and Daniel Roberts, Minority Staff Assistant/Legislative Correspondent.

Chairman ISSA. The committee will come to order.

The Oversight Committee exists to secure two fundamental principles: First, Americans have a right to know that the money Washington takes from them at the IRS is well-spent. And, second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform is to

protect these rights, along with every—every right articulated in the Constitution.

Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. It is our job to work tirelessly, in partnership with citizen watchdogs, to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

Today, the American people are suffering through a second week of a partial shutdown, created by an inability of Congress and President Obama to compromise, to reach an agreement on funding the government. But, more importantly, the funding of the government today is virtually impossible without dealing with entitlements.

One of the central issues in dispute is Obamacare, formerly called the Affordable Care Act, but since no part of it makes it more affordable except through subsidies, both the President and the Congress have chosen to call it Obamacare. For today's hearing, we will call it Obamacare.

Three and a half years after the Affordable Care Act became law, the administration is struggling to launch this massive program and, in fact, is failing. It is the chatter on nighttime comedy that, in fact, you can probably download anything and everything faster than you can get onto an IRS site. The fact is that, while no mitigation in the responsibility to both pay taxes or to buy Obamacare, Americans are unable to get on the site. If they get on the site, it is confusing, and, without a doubt, there are few choices.

The promise of Obamacare, to bring people better health care for less, has been just the opposite. Healthcare rates in the private sector have risen precipitously. And the promise to provide you the opportunity to keep the health care you have and the doctor you have has gone just the opposite. If you go to the exchanges, it is unlikely that you are going to find the availability of your doctor for your health care. And, in fact, hundreds of thousands of Americans are being thrown out of healthcare programs and onto the exchanges as a result of this law.

We are not here today to relitigate the questions of a partisan, Democratic-controlled House and Senate on a completely partisan basis passing a law, 2,400 pages plus, and saying, "You'll find out what's in it. After it passes, you can read it." We are not here to do that, but it is, in fact, the result of that kind of legislation that has led us to find that after 3 years of our witness working at the IRS with partisan officials at the White House on an almost daily basis, we have the implementation of a one-sided, we-know-it-all type of law.

Today, we will hit a number of areas, including did the IRS plan to fail or did they fail to plan in a way that was open and transparent and consistent with the law. Just as 90 percent of an iceberg is below water, the problem in the user experience on the Web site is generally dwarfed by deficiencies that happened behind the scenes on the back end.

Previous hearings of this committee have shown that even the contractor chosen to implement the data-sharing is one that has had failures that resulted in privileged information, including Social Security numbers, being lost. Undoubtedly, this will occur

again, since every State, thousands and thousands of individuals now have access to your taxpayer information as part of Obamacare, and you, in fact, have no control over who those people are and how they are selected.

Additionally, some of the most vulnerable among us are being sold and signed up for Obamacare by people who have no training in HIPAA, no training in any of the protections of sensitive healthcare information. But that is a law, and we will go through it.

Today's hearing has a lot to do with the 47 new provisions, including 18 new taxes expected to raise \$1 trillion over the next 10 years, in a program that will cost many times that with other taxpayers' costs.

Obamacare gives the IRS power to force Americans to purchase health care and levy a penalty/tax, as determined by the Supreme Court, on those who are delinquent. And yet, even though the employer mandate has a penalty of \$3,000 per worker, it is very clear that it is often better for the employer to dump their workers and their retirees in order to avoid an onerous set of new rules.

That is part of what this committee has been looking at. And, in fact, while the Treasury Department plans to send health insurance subsidies directly to an insurance company, if the Treasury sends too much to a health insurance company, the plan is for the IRS to go after taxpayers to collect the overpayment. Yes, if there is a mistake made, you will pay for it.

In the wake of the IRS scandal caused by an effort to target Americans because of their political beliefs, Americans concerned about the IRS and how they will handle this personal and private information have every reason to be concerned. Who will have access to the highly personal health and financial information? A great many people, most of whom you don't know. There will be no control over it at the Federal level or State level that meets the requirements of the privacy acts of health insurance.

Additionally, the IRS has repeatedly made mistakes in disclosing information, most often conservative groups and their donors. Those kind of mistakes could be amplified repeatedly, either deliberately or accidentally—we are still trying to determine that—but the accidents seem to keep coming. The accidental targeting of hundreds of conservative groups, including Tea Party groups, has not abated. In fact, many of those groups have still not received their approvals or denials, something that our witness knows something about.

What information in the individual tax return will the IRS be sharing with officials outside the agency? My ranking member's home State of Maryland, in fact, leaves some question about whether or not the State will take the information collected and use it in other ways, including garnishments or other tax levy. The truth is, once the government has more information about everything, including your cost of health care, who lives in your home, who you are claiming, it will add to the ability for both the Federal and State to tax you further and ask more onerous questions.

The U.S. Government Accountability Office described a data hub, as a "complex undertaking involving the coordinated actions of multiple Federal, State, and private stakeholders."

During the committee hearing in July, Alan Duncan, Assistant Inspector General for Audit for the Treasury Inspector General for Tax Administration, testified that, in fact, TIGTA remains concerned about the protection of confidential taxpayer information that will be provided to State and Federal agencies broadly.

The Assistant Inspector General also testified that it would be difficult to complete all the interagency testing of the hub prior to October 1st, and, in fact, not all of it was done. We went live with beta software for the Affordable Care Act, and it shows. It shows every day, as the American people struggle to try to get information.

In September, the problem became more than just worries when a Minnesota exchange admitted to accidentally—and I repeat, accidentally—releasing sensitive information that contained names, addresses, and Social Security numbers for 2,400 brokers. This is, as I said earlier, just the tip of the iceberg.

Let us all be honest: Obamacare's first week has been a mess. But we can't undo the last week, and there are no mulligans. This, in fact, will continue day after day, and there will be no do-overs. We can only admit that the law is not ready for prime time, look for ways to mitigate it, and ask for the administration to be understanding that what man and Congress creates, in fact, will always have some flaws in it.

Today's witness, Ms. Sarah Hall Ingram, is here to testify and answer our questions. Ms. Hall Ingram is the Director of the IRS's Affordable Care Act Office. Before overseeing Obamacare implementation for the IRS, Ms. Hall Ingram was the Commissioner for the IRS Tax Exempt and Government Entities Division. She served full-time in that role from 2009 to 2010.

The administration has already delayed or revised several parts of the health law, and, in many cases, unilateral action was directly at odds with congressional law. Many Americans have been uneasy, feeling that the administration is flying Obamacare by the seat of its pants. There are some sobering recognitions that, in fact, Executive orders not contemplated in the law seem to be an everyday occurrence, while changes to the law seem to be, by definition, impossible. It is our hope that Ms. Hall Ingram will spell out the challenges the IRS is facing so that we stop reading the surprising, yet still unsurprising, news of how implementation is going poorly.

In closing, this is not going to be the committee's final hearing on Obamacare implementation. The ranking member has indicated that he wants to hear more from IRS witnesses. I do, too. Our intent is to bring additional IRS officials for testimony in the future, but today we are focused on Ms. Hall Ingram.

I might note two things. First, repeatedly, when we have asked for Ms. Ingram, we have been asked to and we have deferred and allowed other witnesses. Today, the determination was that the person who by definition was at the center of the targeting of conservative groups for a period of 2009 to 2010 and the person who has owned Obamacare since its passage, virtually since its passage, for implementation must be heard from.

Although there are individuals behind the witness, they will not be sworn and they will not be permitted to testify. The only witness today is Ms. Hall Ingram. And I will take responsibility directly for



asking the Commissioner not to attend, since he was not there at the time and was brought in only when the scandal over targeting conservatives became a problem. We have a fact witness in front of us. My hope is that she will be candid in the release of all the facts.

I have also been notified that the ranking member intends to ask for pictures of Ms. Hall Ingram receiving—or being with past Presidents. I will object to that. This is not about whether Ms. Hall Ingram is a Republican or a Democrat. This is not about the politics of anybody at the IRS.

The IRS, by statute, is limited to two political appointees. It is critical that we ask the questions about the nonpolitical appointees, not the counsel, not the Commissioner, what are their actions, not what are their politics, their registrations, their leanings or their self-stated intention. People are not to be judged at the IRS based on how they vote. They are to be judged based on the job they do and how they do it.

With that, I recognize the ranking member.

Mr. CUMMINGS. Just one question. What picture are you talking about? What are you talking about? Do you want to show it?

Chairman ISSA. No, I am not going to.

Mr. CUMMINGS. Oh, okay.

Chairman ISSA. We were told that—we were handed these by her personal attorney. They are pictures with past Presidents. The minority requested them is what her attorney told us. Is that correct, Mr. Cummings?

Mr. CUMMINGS. What is the big deal that we want to see pictures of a witness with President Bush?

Chairman ISSA. Mr. Cummings, you have constantly and the people up and down the dais have tried to paint political, Republican versus Democrat. Somehow, if somebody is a Republican or was appointed by a Republican, that somehow any claim of targeting conservatives is not there.

The fact is, this committee's docket will be—or enclosures will include extraneous material but not material designed to forward some question that paints somebody as a Republican or Democrat.

Mr. CUMMINGS. Mr. Chairman——

Chairman ISSA. I do not know the gentlelady's politics, and I do not——

Mr. CUMMINGS. Mr. Chairman——

Chairman ISSA. —intend to ask.

Mr. CUMMINGS. Mr. Chairman, just one moment. The way politics comes up in all of this is, of every single witness that has been interviewed, your staff has asked their political affiliation.

We have had this conversation before at this dais, by the way. So I just—I was just curious.

I will go into my opening statement.

Chairman ISSA. The gentleman is recognized.

Mr. CUMMINGS. Today, our Nation is entering its ninth day—the ninth day of House Speaker John Boehner's government shutdown.

Speaker Boehner has refused to allow the House to vote on a clean continuing resolution that would end the shutdown, even though it would pass with a bipartisan majority. Instead, he is allowing a small group of Republican extremists to pursue their

ideological crusade to repeal the Affordable Care Act and put insurance companies back in charge of healthcare decisions for millions of Americans.

Even worse, our country is rapidly approaching the debt-ceiling deadline of October 17th. Yet Republicans seem willing to jeopardize the full faith and credit of the United States of America unless we eliminate the Affordable Care Act, even though it is the law of the land and has been upheld by the Supreme Court of the United States.

House Republicans have voted more than 40 times to repeal the Affordable Care Act. So although today's hearing may be cloaked in the rhetoric of improving the law, nobody truly believes Republicans want that to happen. Instead, today's hearing is an obvious attempt to link two issues that have nothing to do with each other: the implementation of the Affordable Care Act and the so-called IRS Tea Party scandal.

For nearly a year, Republicans have been railing against today's hearing witness, Sarah Hall Ingram, for being the supposed mastermind behind the IRS targeting of Tea Party groups and for being some sort of political operative who is now in charge of implementing Obamacare.

One of our committee members, Congressman Jordan, said Ms. Ingram: "headed up this scandal." He said: "I can't wait—I can't wait until we get her in front of the committee."

Congressman Tim Griffin accused Ms. Ingram of being: "directly in charge of IRS targeting." He said: "She provided horrendous customer service under her watch, and now she is going to do the same implementing Obamacare."

Another member of our committee, Congressman Meadows, criticized the bonuses Ms. Ingram received. And Congressman Tom Price argued that her: "employment at IRS should be suspended."

The problem with these accusations is that they are 100 percent wrong. After hearing directly from 30 witnesses and reviewing thousands of pages of documents, our committee has obtained absolutely no evidence whatsoever that Ms. Ingram was involved in any way with developing or directing the use of inappropriate criteria to screen Tea Party groups or any other groups applying for tax-exempt status.

In fact, we found just the opposite. Ms. Ingram left her position as Commissioner of the Tax Exempt Government Entities Division in December of 2010, 6 months before her former subordinates became aware of inappropriate criteria used to screen applicants for tax-exempt status. Russell George, the Inspector General of the IRS, stated that Lois Lerner did not learn about the inappropriate criteria until June 2011, 6 months after Ms. Ingram left for her new position implementing the ACA.

There is another problem with these ruthless Republican allegations: Ms. Ingram is not a political operative. She is, in fact, a dedicated public servant who has excelled under both Republican and Democratic administrations. In 2004, President George W. Bush awarded Ms. Ingram the Nation's highest civil service award, the Distinguished Executive Presidential Rank Award, for her outstanding: "tax law leadership" and, "her highly effective efforts to combat terrorism financing."

And although you won't hear this from my Republican colleagues, after President Bush gave her that award, Ms. Ingram also received a bonus in recognition of her exemplary service. That bonus was larger than any she received during the Obama administration.

Dragging Ms. Ingram through the mud and impugning her reputation as part of a broader Republican campaign against the ACA is the worst kind of politics. It is intellectually dishonest, and it is unfair to this highly regarded public servant.

October 1st was a historic day for our country, not because Speaker Boehner shut down the government but because it was the first day millions of Americans could sign up for health care. In the first 2 days alone, 7 million Americans visited [healthcare.gov](http://healthcare.gov), which dwarfs the highest Web traffic ever experienced on Medicare's Web site.

Although there will continue to be challenges implementing this law, I want to thank Ms. Ingram for her service under both Democratic and Republican administrations and for her work on the ACA, which, by all accounts, is outstanding.

Finally, Mr. Chairman—you alluded to this—I would like to place a document in the record, and that is a letter from Mr. Werfel, our Acting Commissioner.

Since today's hearing was supposed to be about IRS implementation of the ACA, I asked you last week to invite officials from all four IRS offices in charge of this program. On Monday, you refused. And I heard you this morning, just a few minutes ago, when you said that we are not finished with this—and I am pleased to hear that—that other witnesses would come forth later.

And so I asked these officials to attend today, along with IRS Commissioner Werfel, in case committee members have questions outside the scope of Ms. Ingram's responsibilities. Last night, I received a letter from Mr. Werfel stating that you personally told him that he and these other IRS officials were not welcome, that essentially they were banned from the hearing room.

I have seen a lot of things as a Member of Congress over my 17 years, but I have never seen a committee chairman tell the head of an agency that he could not be present during a public hearing with one of his own employees.

I will read the letter, if I might, because I don't want to—I see you moving around a little bit. I want to make sure I read it.

It says, "Dear"—it is dated October 8th, 2013. It is addressed to me. It says, "Dear Ranking Member Cummings, I am responding to your letter today requesting that I attend tomorrow's hearing along with other IRS personnel who have relevant subject matter expertise in matters related to the ACA implementation.

"I spoke directly to the chairman this evening regarding your request, and the chairman requested that I do not attend. Instead, the chairman suggested that we have technical experts present that could be available to support Ms. Hall Ingram but that would not be called to give her direct testimony.

"Given my respect for the chairman's authority in this matter, I have decided to agree to the chairman's direction and will not attend in person.

"Of note, I remain concerned that Ms. Hall Ingram alone will not be able to provide comprehensive testimony regarding IRS efforts to implement the ACA, given that many of the significant IRS activities in this area fall outside of her direct purview. However, it is my understanding that the chairman's decision that Ms. Ingram will be the only witness for tomorrow's hearing is now final.

"And I thank you for your ongoing assistance." And it is signed, "Danny Werfel."

I ask that that be made a part of the record, Mr. Chairman.

Chairman ISSA. I reserve and recognize myself in opposition on the reserve.

The gentleman in his opening statement made it clear that he thinks that the targeting of conservative groups is a phony scandal, while the President, just the opposite, said it was serious.

The gentleman has repeatedly wanted to make it very clear that his job is to stop the work of this committee.

Mr. Werfel was, in fact, an individual who—

Mr. CUMMINGS. Mr. Chairman, you just said something that is absolutely not true. I have not done that, and I resent you saying that.

Chairman ISSA. I appreciate your resentment, but I will continue.

Mr. CUMMINGS. That I have tried to stop the work of this committee?

Chairman ISSA. It is very clear you have.

Mr. CUMMINGS. You said—come on, Mr. Chairman.

Chairman ISSA. The fact is that, at the last hearing, you requested, for my four witnesses, seven. And I gave you four. The policy of this committee is and has been under both Republican and Democratic leadership that the minority is generally accommodated with a witness, a witness germane. You have repeatedly abused that in the process.

When you sent a direct invitation for a number of individuals, including someone that was not there during the planning of the Affordable Care Act and will be gone in a matter of days, in the name of the Commissioner—he was highly inappropriate to be a fact witness because he wasn't there before and he will not be there in a couple of weeks.

In conversation with the Commissioner—and I will allow this in afterwards—

Mr. CUMMINGS. Well, thank you.

Chairman ISSA. The fact is, in conversations with the Commissioner, I said, of course she can have any and all people that would help her in answering the questions, people—maybe if somebody comes up with an esoteric question on what the URL's will be for Obamacare, fine. But, in fact, we have asked for repeatedly and deferred Ms. Ingram on a previous occasion, even though she is the head of the department implementing. She is the highest individual with the longest service related to the questions here today.

So, elections have consequences. I have the responsibility of announcing what a hearing is going to be, sometimes hearings that you request. I have the primary responsibility for selecting the witnesses, and I have always taken seriously the suggestions of witnesses you want and, when they are timely, have always provided

at least one. That is not true of my predecessor, Mr. Towns. Although a friend and a good man, he often did not even give me one witness. So the decision to have the head of the implementation was mine.

Mr. Werfel is a dedicated, long-serving public servant. I asked him not to be here for what I thought would be simply a staged opportunity to say, why don't you let the Commissioner, who didn't know about it before and won't be there in another week, the Acting Commissioner, do it.

For that reason, I will allow the letter in.

Chairman ISSA. But understand that the attempt is to get to the truth, and this committee has tried to hold as many hearings, including hearings on subjects that you have requested, and we will continue to do so.

So, with that, the unanimous—

Mr. CUMMINGS. Mr. Chairman, I wasn't finished. May I finish?

Chairman ISSA. I have accepted your unanimous consent.

Mr. CUMMINGS. That was with regard to my document. I wasn't finished with my statement.

Chairman ISSA. Oh. The gentleman may have an additional 1 minute.

Mr. CUMMINGS. Thank you very much.

Mr. Chairman, I am just going to say we have a title here that says, "Examining the IRS's Role in Implementing and Enforcing Obamacare." That is the title of the hearing.

And, you know, you have made an allegation that I am trying to stop everything. I am trying to get to the truth, the whole truth, and nothing but the truth, so help me God. That is what I am trying to get to. And that is why I resented your statement.

But, with that, I yield back.

Chairman ISSA. I thank the gentleman.

Chairman ISSA. We will now recognize the subcommittee chairman, since his name was mentioned as—

Mr. JORDAN. Thank you.

Mr. Chairman, I just want to say, finally, finally she is here. We have been trying for 5 months to get Ms. Ingram in front of this committee. I was beginning to think there was no such person as Sarah Hall Ingram. I mean, a couple months ago, Chairman Lankford and I had a joint subcommittee scheduled. Ms. Ingram was supposed to be in front of that committee, but Mr. Werfel called up and said, nope, she is not coming; I am instead.

For months, we have been trying to get this lady in front—here is the lady who, as the chairman said, is at the center of the storm of two of the biggest issues this country has dealt with in recent history: the targeting of conservative groups and implementation of Obamacare.

Here is the lady who was Lois Lerner's direct boss, and today is the first time she has been in front of this committee, after this scandal has been known about for 5 months? Here is the lady who for the last 3 years has been head of the office for implementing the Affordable Care Act, and today is the first time she comes in front of the committee? I mean, this is unbelievable. Two of the biggest issues facing the country, and the first time she comes in front of the Government Oversight Committee.

And Mr. Cummings brings up the letter that we got yesterday from Mr. Werfel. They tried again yesterday to not have her be here. So it raises just one simple question: Why? What does she know that the IRS doesn't want this committee, this Congress, and the American people to know? What does she know about the Affordable Care—what are they trying to hide?

So, Mr. Chairman, thanks for your persistence. I am glad it finally happened. I mean, it is astonishing that it took 5 months to get her, but I am glad it finally happened.

One more thing if I could, Mr. Chairman, and then I will yield back.

Could we put up a slide?

Mr. Cummings raised this issue, and Mr. Werfel said she is not the right person to bring, we need these other folks here, we need Mr. Werfel here, he wanted to come.

Let's put up—this was a briefing—if we could put up the first slide?

This was the briefing given to the IRS Oversight Board just this past May, May 2nd, 2013. And guess who gave that briefing? Who do you think gave that briefing? The lady we have been waiting to get in front of this committee, Sarah Hall Ingram. And, again, you don't have to take my word for it. We got the minutes from the meeting.

If we can put that slide up?

The minutes from the meeting, Affordable Care Act update, led by Sarah Hall Ingram, Director, ACA Office.

So Mr. Werfel didn't want her to come today, hasn't let her come for 5 months, but she was good enough to brief the IRS. And not just brief it; look what it says she talked about. Ms. Ingram discussed the security and safeguard programs the IRS has in place regarding the sharing of data among its partners, including those for the Affordable Care Act program.

This is exactly the lady we need in front of the Congress. It just took us 5 months to get her here. So this is important.

Mr. CUMMINGS. Would the gentleman yield?

Mr. JORDAN. I would be happy to yield.

Mr. CUMMINGS. Let me make sure I understood what you said. You said that I was trying to stop her from coming here? Did you say that?

Mr. JORDAN. We have a letter from Mr. Werfel indicating he didn't want Sarah Hall Ingram to come to this—

Mr. CUMMINGS. Oh. Well, that had nothing to do with me.

Mr. JORDAN. You just a read a letter from Mr. Werfel, a different letter you had. You said that—

Mr. CUMMINGS. I just read—

Mr. JORDAN. You wanted Mr. Werfel here, as well.

Mr. CUMMINGS. Will the gentleman yield? I just want to—

Chairman ISSA. If the gentleman will suspend.

The record from the chairman is, in fact, that Mr. Cummings tried to get four additional witnesses—

Mr. JORDAN. Exactly.

Chairman ISSA. —on this panel. Mr. Werfel tried to not have Sarah Hall Ingram come. And the request, no matter where they

originated, to not have her testify today repeatedly came from the Commissioner.

Mr. CUMMINGS. Thank you.

Mr. JORDAN. Here is the point, Mr. Chairman. Why in the world does it take 5 months to get the lady who was there when the targeting of conservative groups started, who was Lois Lerner's direct boss, who for the past 3 years has been implementing the Affordable Care Act at the IRS? Why in the world should it have taken 5 months for her to come in front of this committee? What are they trying to hide? And that is why this hearing is so important.

And, Mr. Chairman, I will yield back.

Chairman ISSA. I thank the gentleman.

Chairman ISSA. Members will have 7 days in which to submit opening statements for the record.

Chairman ISSA. And we will now recognize the panel.

Ms. Sarah Hall Ingram—

Mr. CUMMINGS. Mr. Chairman?

Chairman ISSA. The ranking member will not be recognized because of accusations you made in your opening statement.

Would Mr. Cartwright like a few moments?

Mr. CUMMINGS. Of course.

Chairman ISSA. The gentleman is recognized.

Mr. CARTWRIGHT. I thank you, Chairman Issa, for this opportunity to discuss the IRS's role in implementing and enforcing the Affordable Care Act. I do look forward to today's testimony. And I would like to hear all about the nationwide dragnet that finally snared our witness and brought her here today.

I will say, the IRS has begun to play and will continue to play a key role in both the implementation and the enforcement of the Affordable Care Act. The Department of Health and Human Services manages the implementation of the ACA, with the IRS assisting mostly by administering subsidies to those who qualify under the law and penalizing those who don't comply with the law.

To determine which individuals fall into the latter category, the IRS, along with the Centers for Medicare and Medicaid Services, operates a data hub, allowing those applying for coverage on the healthcare exchanges to easily determine which plans and which subsidies they qualify for.

This data hub does not—and I repeat, does not—receive or maintain any personal health information or medical records. It simply routes data, never storing it, and accesses only the information needed to determine individual eligibility for coverage and tax credits.

These tax credits are desperately needed in my district, where nearly 9.4 percent of my constituency lives below the poverty line. Seventy thousand—and that is 10.5 percent—do not have healthcare insurance, including 6,500 children, and will be able to utilize the subsidies offered under the Affordable Care Act and coordinated by the IRS to finally get covered. Clearly, my constituents need the Affordable Care Act.

I look forward to today's testimony. And I want to echo the comments of the ranking member, that this effort to somehow link—the attempts to generate and gin up a scandal about the IRS and

link that with the implementation of the Affordable Care Act, this is quite an act of limbo dancing going on here.

And I will be interested to see if my colleagues across the aisle can actually carry out the idea of linking the supposed IRS scandal with the implementation of the ACA, when we don't even have the people who are actually most knowledgeable in charge of those areas here as a witness. In fact, they were apparently instructed not to come.

With that, I yield back.

Chairman ISSA. I thank the gentleman.

Chairman ISSA. We now go to our—as I said, I will say it again, Members may have 7 days in which to submit opening statements for the record.

We will now recognize our first panel.

Ms. Sarah Hall Ingram is Director of the Affordable Care Act Office and formerly Commissioner of Tax Exempt and Government Entities at the Internal Revenue Service.

Ms. Ingram, pursuant to committee rules, would you please rise to be sworn and raise your right hand?

Do you solemnly swear or affirm the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Ms. INGRAM. I do.

Chairman ISSA. Please be seated.

Let the record indicate the witness answered in the affirmative.

Your entire opening statement, Ms. Ingram, will be placed in the record, so you need not read verbatim. Please try to stay as close to 5 minutes as you can.

The gentlelady is recognized.

**STATEMENT OF SARAH HALL INGRAM, DIRECTOR, AFFORDABLE CARE ACT OFFICE, INTERNAL REVENUE SERVICE**

Ms. INGRAM. Chairman Issa, Ranking Member Cummings, and members of the committee, my name is Sarah Hall Ingram, and I am the Director of the Affordable Care Act Office under the Services and Enforcement part of the IRS. I appreciate the opportunity to discuss the work the IRS is doing to fulfill our responsibilities under the ACA.

IRS implementation of the tax provisions of the ACA represents the collaborative work of all parts of the IRS. I do want to make clear that my office is responsible for only one piece of this large puzzle. That piece involves the business operations, flows, and procedures and products. Significant work is also being done by our Information Technology Division, our Office of Safeguards, and the Chief Counsel's Office.

The written testimony we provided the committee reflects input from all these various functions. I will give you the best view that I can of our ACA implementation efforts from my perspective, but others who are accompanying me today may be better positioned, in many cases, to answer your particular questions. They include Chief Technology Officer Terry Milholland; the Director of Privacy, Government Liaison, and Disclosure, Rebecca Chiaramida; and Healthcare Counsel Tom Reeder.

The IRS is charged with implementing the tax-related provisions of the ACA. While many tax provisions have already been imple-



mented, a major effort in this regard involves the delivery of premium tax credits that will help millions of American families access affordable private health insurance coverage through the new health insurance marketplaces.

The Department of Health and Human Services has principal responsibility for defining the structure and operations of the marketplaces. Open enrollment for insurance purchased through the marketplaces began on October 1st, and coverage can begin as soon as January 1st, 2014.

The IRS has a supporting role in the development and operation of the marketplaces, which is to provide data and computational services to the marketplaces for use in making their determinations about citizen eligibility for financial assistance. In addition, the IRS is responsible for incorporating the premium tax credit and other tax provisions into the tax administration process for tax returns filed in 2015 and beyond.

Our implementation efforts in this regard fall into three major categories: first, employing information technology to facilitate data-sharing with HHS and State agencies to assist them in determining whether an individual who was applying for insurance coverage qualifies for financial assistance, including the premium tax credit. Our use of information technology will also play a key role going forward, as we incorporate the various provisions into tax administration infrastructure.

Second, protecting the safety and privacy of taxpayer data being shared with Federal and State entities under the ACA statute. This includes both the establishment of safeguard procedures before data is released and on the ongoing monitoring of safeguarding practices going forward.

And, third, updating and improving business processes and systems to facilitate tax return filing and compliance with the tax-related provisions of the ACA, including the premium tax credit.

I am pleased to report that the systems and processes that the IRS has developed to support enrollment in the marketplace were launched on schedule and are working as planned. We have handled all requests received to date via the HHS data services hub, and turnaround times are meeting our goals.

Our data-protection efforts are also working as intended. Prior to October 1st, we ensured that data security agreements were approved for all entities scheduled to receive taxpayer information, including the federally-facilitated marketplace, State individual marketplaces, and those Medicaid offices that had requested approval before October 1st.

We have also been working to ensure that individuals who seek information from the IRS about obtaining insurance coverage through the marketplace are steered to the resources that can best help them. We have collaborated across agencies and stakeholders to ensure the availability of consistent information on Web sites and other channels, as well as in outreach to individuals, businesses, and professionals.

Looking to the future, the IRS is also focused on preparing for ACA provisions that will have an impact on IRS forms and procedures beginning with the 2015 filing season. In regard to both the premium tax credit and the individual responsibility requirement,

preparations are already under way to modify forms and instructions, enhance education and outreach to the taxpayers and their advisors, update our business processes, and complete the IT infrastructure changes in time for the 2015 filing season.

This concludes my testimony. I would be happy to take any questions from the committee.

Chairman ISSA. I thank you.

[Prepared statement of Ms. Ingram follows:]

**WRITTEN TESTIMONY OF  
SARAH HALL INGRAM  
DIRECTOR, AFFORDABLE CARE ACT OFFICE, SERVICES AND  
ENFORCEMENT  
INTERNAL REVENUE SERVICE  
BEFORE THE  
HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE  
ON IMPLEMENTATION OF THE AFFORDABLE CARE ACT  
OCTOBER 9, 2013**

**Introduction**

Chairman Issa, Ranking Member Cummings and Members of the Committee, my name is Sarah Hall Ingram and I am Director, Affordable Care Act Office, Services and Enforcement, at the IRS. I appreciate the opportunity to appear before you today to discuss the work the IRS is doing to fulfill our responsibilities under the Affordable Care Act. As explained in more detail below, the full scope of IRS activities in relation to Affordable Care Act implementation goes far beyond the business processes and procedures being overseen by my office and encompasses several major functions within the agency.

The IRS is charged with implementing the tax-related provisions of the Affordable Care Act. Our most substantial effort in this regard involves the delivery of premium tax credits that will help millions of American families access affordable private health insurance coverage through the new Health Insurance Marketplaces, also known as Exchanges. The Department of Health and Human Services (HHS) has principal responsibility for defining the structure and operations of the Marketplaces. For the Federally-sponsored Marketplace, HHS has additional responsibilities, including the deployment and ongoing management of the HealthCare.gov website. Open enrollment for insurance purchased through the Marketplaces, both Federal and state, began on October 1, 2013, and coverage can begin as soon as January 1, 2014.

The IRS has a supporting role in the development and operation of the Marketplaces, which is to provide data and computational services to the Marketplaces for use in making determinations about citizen eligibility for assistance. In addition, the IRS is responsible for implementing the tax provisions in the Affordable Care Act, most of which are already implemented, such as the branded prescription drug fee, the tanning tax and the medical device excise tax. This testimony focuses on the two most significant tax provisions that go into effect in 2014 and affect many individual taxpayers – the premium tax credit and the individual shared responsibility payment.

IRS implementation of the tax provisions of the Affordable Care Act represents the collaborative work of all parts of the IRS, and this testimony reflects the collective

knowledge of several major functions within the agency. The testimony is designed to provide the committee with a global perspective on the activities being undertaken by the IRS in regard to its Affordable Care Act responsibilities, all of which have required and continue to require significant advance preparation, beginning with the establishment of enterprise-wide governance and planning processes. As the Director of the Affordable Care Act Office under Services and Enforcement, I do not oversee the other three offices with key responsibilities for implementing the Affordable Care Act -- Information Technology, IRS' Office of Safeguards and the Chief Counsel's office -- so I will generally be able to speak to only the issues that fall within the jurisdiction of my office.

Our implementation efforts in regard to the Affordable Care Act tax provisions fall into three categories:

- **Employing information technology** to securely facilitate data sharing with HHS and state agencies, to assist them in determining whether an individual who is applying for insurance coverage qualifies for financial assistance, including the premium tax credit. Our use of information technology will also play a key role going forward in integrating the various tax-related provisions into the tax administration infrastructure;
- **Protecting the safety and privacy of taxpayer data** being shared among Federal and state entities under the Affordable Care Act. This includes both the establishment of safeguards before data is released and the ongoing monitoring of safeguarding practices; and
- **Updating and improving business processes and systems** to facilitate tax return filing and compliance with the tax-related provisions of the Affordable Care Act, including the premium tax credit and the individual shared responsibility requirement. Our business activities are also being updated to provide customer service, education and outreach to help taxpayers comply with Affordable Care Act tax-related provisions that affect them.

I am pleased to report that the systems and processes the IRS has developed to support enrollment in the Marketplaces were launched on schedule and are working as planned. We have handled all requests received to date via the HHS Federal Data Services Hub, which is explained in more detail below. We are meeting our goals, and we have processed all transactions as intended.

Our data protection efforts are also working as intended. Prior to October 1, we ensured that data security agreements were approved for all entities scheduled to receive taxpayer information -- including the Federally-facilitated Marketplace, state Marketplaces and Medicaid offices.

In addition, we have been working to ensure that individuals who seek information about obtaining insurance coverage through the Marketplaces are steered to the resources that can best help them. For example, the prerecorded information phone lines we set up for

this purpose were operational as of October 1, along with other methods of providing information, such as links on our website, IRS.gov, directing users to [healthcare.gov](http://healthcare.gov). Information about Marketplace enrollment will also be available to walk-in customers at our Taxpayer Assistance Centers, once the current lapse in appropriations ends and the IRS returns to normal operations.

Let me now describe for you in more detail the work that the IRS has been doing in each of the three categories mentioned above.

### **IRS Information Technology Work Supporting Implementation of the Affordable Care Act**

When an individual seeks to purchase insurance through a Marketplace, and requests financial assistance, the Marketplace must determine what assistance, if any, the applicant may qualify for, such as the premium tax credit or Medicaid. As part of assembling data for that determination, the Marketplace requests Federal taxpayer data. Upon request from the Marketplace, the IRS securely provides, for each applicant, some limited tax data<sup>1</sup> from the applicant's most recently filed Federal income tax return. State Medicaid and Children's Health Insurance Program agencies may also choose to request the tax data for their eligibility determinations.

It is important to understand exactly how this information is being transferred from the IRS to the Marketplace. The Affordable Care Act designates HHS as the conduit for all Federal agency information being shared with the Marketplace. The taxpayer data supplied by the IRS is transmitted over secure, encrypted channels to the HHS Federal Data Services Hub, which was developed to facilitate these and other data transfers. The data hub does not store taxpayer information, but merely routes that information to authorized users. The Marketplace, which requests and receives each data packet through the HHS data hub, uses the available tax information, together with data from other third parties and the applicant, to predict the applicant's 2014 income and to determine the assistance, if any, for which the applicant qualifies. At no time is tax information displayed to anyone who is not authorized to receive it.

To facilitate the sharing of tax return data with the Marketplace, the IRS has new information technology systems and services, and has built a secure interface with the HHS data hub. Interagency testing of these systems, services and connections was completed prior to October 1, and they were deployed on schedule.

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<sup>1</sup> For each person on an application, the Marketplace request contains the person's name, SSN and relationship to the tax filer. This enables the IRS to correctly locate and associate the limited relevant data from return records. The IRS then returns information authorized under section 6103(l)(21) of the Internal Revenue Code, including limited income data from the face of the return, family size and filing status. The Marketplace will use this tax information, together with data from other sources, to make its determination about predicted 2014 income and eligibility for various programs.

Separate from the process of providing limited tax return data to the Marketplace, the IRS also is responsible for providing a computational service, known as the Premium Tax Credit Computation Engine, if the Marketplace determines that an applicant is eligible for, and interested in, advance payments of the premium tax credit directly to the insurer for insurance purchased through the Marketplace. After the Marketplace has determined a predicted 2014 income figure, and without identifying the applicant, the Marketplace submits a few data elements – such as a Marketplace-determined income figure and family size, and the Marketplace benchmark plan premium – for the IRS’ computational service through the HHS data hub, and receives back a single figure: the maximum advance premium tax credit resulting from those data inputs. Nothing in this computational process identifies individuals or contains tax data. The IRS merely provides a mathematical service, which supports consistent math at enrollment and on the later tax return, regardless of whether the inputs change.

Going forward, IRS information technology efforts will also extend to incorporating provisions such as the premium tax credit into our tax administration and compliance responsibilities, commencing with 2014 tax returns filed in 2015. Work is already underway to build the systems necessary to support this aspect of Affordable Care Act implementation, which is described in more detail later in this testimony.

#### **Protecting Safety and Privacy of Data**

Let me turn now to the steps that the IRS has taken and continues to take to ensure the safety and security of the data being shared under the Affordable Care Act.

It is important to note that safeguard requirements and reviews handled by the IRS are distinct and separate from the overall secure operation of the data systems beyond the IRS infrastructure. As the agency that oversees the data hub, HHS has the responsibility for the computer security testing procedures related to the Marketplaces’ entire information systems operation. Documentation of the data hub security testing with the Marketplaces is handled by HHS.

The information sharing taking place under the Affordable Care Act comes against the backdrop of very strong confidentiality protections as specified in the tax laws. In general, section 6103 of the Internal Revenue Code prohibits the IRS from sharing tax return data with anyone outside the agency. Over the years, however, Congress has created a series of narrow exceptions to the restrictions in section 6103. Those exceptions allow the IRS to share taxpayer information for specific purposes and with proper safeguards. For example, the IRS is permitted to disclose tax return information to other Federal agencies and state tax authorities to facilitate efficient tax administration. The Affordable Care Act provides a specific exception to section 6103 for information sharing activities that the IRS will perform under the Affordable Care Act.

The IRS is well positioned to provide the needed safeguards, given the longstanding experience it has in overseeing the transmission of data to Federal and state agencies

under previously enacted exceptions to section 6103. Agencies receiving return information from the IRS must meet significant safeguarding requirements, including strict recordkeeping and proper handling, storage and disposal of tax records.

The IRS Office of Safeguards has the responsibility for monitoring the nearly 300 Federal and state agencies that currently are permitted to receive tax return data, to ensure they are complying with all requirements. IRS Publication 1075, *Tax Information Security Guidelines for Federal, States and Local Agencies*, provides detailed background and procedures for data recipients.

In regard to the Affordable Care Act, the IRS has in place a robust security process and controls that it has used successfully in numerous other data exchanges. The IRS has coordinated efforts with HHS to ensure that computer security requirements and proper safeguard protections were incorporated into the HHS approval process for Marketplaces. IRS officials have also worked closely with the Marketplaces to ensure that the necessary safeguard procedures are in place before any Federal tax information can be provided.

Among our collaborative efforts, the IRS and HHS have entered into a Computer Matching Agreement to meet the requirements of the Computer Matching and Privacy Protection Act. This agreement details the operations of the data exchange, as well as various disclosure restrictions and other requirements. The IRS and the Center for Medicare and Medicaid Services have entered into an Information Exchange Agreement covering the use of HHS systems by the Marketplaces to transmit monthly and annual information reports to the IRS, and also covering use of the Premium Tax Credit Computation Engine by the Marketplaces. The IRS and CMS also have an Interconnection Security Agreement covering the security of the connection between the agencies

The IRS holds the Marketplaces and state agencies seeking tax return data under the Affordable Care Act to stringent data protection requirements. Before one of these entities can begin receiving tax return information, it must submit a Safeguard Procedures Report (SPR) to the IRS, and the IRS must approve it. This report details the steps that the entity has established or plans to take to protect the confidentiality of the tax records it will be handling. To prepare these entities for their data protection responsibilities, we spent several years educating them as they developed their systems. We provided ongoing technical support to state security teams to assist in preparation of their SPRs and helped them securely incorporate Federal tax information into their specific technology environments.

If any entities fail to establish adequate safeguards, taxpayer data will be withheld from them. Thus far, the IRS has approved SPRs for the HHS data hub, the Federal Marketplace, and all individual marketplaces that requested approval prior to October 1, along with eight Medicaid offices that also sought approval.

Going forward, we will continue working with HHS and all other entities involved to ensure adequate data safeguards are in place, and we will provide ongoing oversight to

ensure that all entities involved in data sharing continue to meet the safeguarding requirements. In particular, the entities referenced above that have been approved to receive tax return information will be subject to oversight on an accelerated basis, with the review cycle scheduled to begin in October 2013.

#### **Ongoing Tax Administration Responsibilities Related to the Affordable Care Act**

In addition to our data sharing and computation services to support the open enrollment season at the Marketplaces, the IRS is also focused on preparing for Affordable Care Act provisions that will have an impact on IRS forms and procedures beginning with the 2015 filing season, as well as additional customer service and education activities. Two key provisions are the premium tax credit and the individual responsibility requirement.

**Premium Tax Credit.** As noted above, individuals may be eligible to receive advance payments of the premium tax credits, paid directly to the insurer, for private insurance that they purchase through the Marketplace.

The Marketplace determines the eligibility for, and amount of, any advances based on a variety of data. If the individual elects to reduce the monthly premium by the advance payment, the Marketplace initiates the request for each monthly payment, which is made by the Treasury Department. At the end of the coverage year, taxpayers who opted for advance payments of the credit will reconcile these payments on their 2014 tax returns filed in 2015. Upon filing tax returns, these taxpayers will calculate the actual credit they qualified for based on their 2014 income. If the actual credit is larger than the sum of advance payments received during the year, the taxpayer will be entitled to additional credit on the tax return. If the actual credit is smaller than the sum of the advance payments, the taxpayer will owe the difference, subject to a sliding scale of income-based repayment caps included in the Affordable Care Act, as amended. If the taxpayer did not choose the advance assistance but at the end of the year qualifies for a premium tax credit, the taxpayer may claim the entire credit at that time. The IRS will be required to promptly process accurate returns while also efficiently identifying and stopping any erroneous claims for the credit.

The IRS will provide educational material, forms and instructions for taxpayers and their advisors to understand the provisions and accurately prepare 2014 tax returns to be filed in early 2015. In addition, the IRS is preparing to provide information and answer questions about tax issues on those returns in a variety of formats: live and pre-recorded telephone answers; enhanced website information and self-help tools; and educational materials and events.

By partnering with other agencies, tax practitioners and industry stakeholders, the IRS has worked to ensure that information about the premium tax credit and the advance payment assistance is accurately described for the open enrollment process this fall. Looking forward, the IRS is already engaged with partners and stakeholders on ramping up the effort heading toward the 2015 filing season – including working with tax return



preparers and the software industry to ensure individuals have the information and tools they need to accurately prepare and file their annual tax returns.

To facilitate tax administration, the Marketplaces will be transmitting to the IRS – over secure, encrypted channels – enrollment information for individuals purchasing coverage through those Marketplaces. This transactional information will include the fact and cost of coverage, and information on any advance payments of the premium tax credit made during the coverage year to the taxpayer’s insurance company on his or her behalf. While certain identifying information, such as name and SSN, is required to support the tax return processing, no personal health information is ever provided. The IRS will reconcile the information with what the individuals report on their tax returns so that the IRS can verify whether they received the proper amount of credit, are owed more, or must repay any excess advance payments. This information will help the IRS speed processing of returns and spot erroneous claims for the credit. It is important to note that individuals who enroll in coverage through the Marketplaces – whether or not they receive advance payments of the premium tax credit – will receive an annual information return from the Marketplaces to support the accurate preparation of their returns.

The IRS already routinely receives third-party information that helps it verify the accuracy of tax returns, and we have longstanding policies in place related to the safety and privacy of this information. We will use this experience to guide us in making sure that any Affordable Care Act-related taxpayer information we receive is properly safeguarded.

***Individual Shared Responsibility Requirement.*** The individual shared responsibility requirement provides that, beginning in 2014, individuals who can afford health insurance coverage must have minimum essential coverage, qualify for one of the statutory exemptions, or make a payment with their returns.

Most individuals will have coverage through one of a number of sources, such as: the individual’s workplace; a government program such as Medicare or Veterans’ benefits; or, starting in 2014, the new Marketplaces. When preparing their 2014 tax returns, these individuals will simply check a box to report the fact that they have health insurance coverage. There are also a number of individuals who will be exempt from the individual responsibility requirement, such as those with incomes below the tax filing threshold or those for whom premiums are not affordable. Most individuals who qualify for an exemption and otherwise need to file a tax return will provide the exemption information with their returns. The small minority of individuals who do not have coverage and do not qualify for an exemption will simply be able to calculate their individual responsibility payment on their tax returns.

The process for individuals and the IRS to verify coverage will be very similar to the one that we have used for years to verify wages and withholding. Importantly, the information that insurers or the Marketplaces will provide to the individual and the IRS will show the fact of insurance coverage, and will not include any personal health information. The IRS will perform any necessary follow-up with taxpayers by written

correspondence, and will allow taxpayers time to gather the information needed to respond, or get help in understanding the details of the individual shared responsibility requirement. The law also clearly specifies that the IRS will not use levies or file notices of Federal tax lien if taxpayers have unpaid amounts related to the individual coverage provision. Moreover, taxpayers will not be criminally prosecuted for non-payment of this amount.

***Preparing for 2015 Filing Season and Beyond.*** In regard to both the premium tax credit and the individual shared responsibility requirement, preparations are already well underway to modify forms and instructions, enhance education and outreach to taxpayers and their advisors, and update our systems and processes in time for the 2015 filing season. In 2015, our emphasis will be on education, outreach and technical assistance so that taxpayers have the information, tools and the know-how to properly complete their returns. Once employer and insurer information reporting begins for 2015, we will have additional tools to improve our ability to monitor and enforce compliance with both provisions. That said, the IRS is also focusing on ensuring that returns that erroneously or fraudulently claim refundable premium tax credits (or fail to reconcile advance payments) are efficiently identified and addressed.

### **Preventing Return-Related Errors and Ensuring Compliance**

As noted above, the IRS' efforts in regard to implementation of the Affordable Care Act are divided into three distinct functions – the use of information technology to facilitate data sharing and prepare for tax filing seasons; efforts to safeguard and protect taxpayer data; and updating and improving business processes and systems to facilitate reporting and payments on tax returns to comply with the tax-related Affordable Care Act provisions. We have worked and continue to work diligently to synthesize these separate functions in order to deliver on our responsibilities under the Affordable Care Act at each stage of implementation.

An excellent example of bringing these various functions together in support of one aim involves the efforts we are making to reduce inadvertent taxpayer errors and maximize return-related compliance. To prepare for the 2015 filing season, we are prepositioning third-party data before the first returns are filed, and we are using existing antifraud detection indicators and filters in regard to the Affordable Care Act-related returns, as we do for all 1040s. In addition, we will continue to use experience and analytics to ensure that ongoing non-Affordable Care Act enhancements to fraud detection tools and algorithms continuously incorporate Affordable Care Act issues and experience.

Specifically in regard to the individual shared responsibility requirement, we are in the development stage for forms, processes and systems that will be needed by individuals to voluntarily comply and by the IRS to identify returns where individuals who do not obtain coverage fail to report an exemption or include the necessary payment with their return. We expect that in the first year it will be critical to emphasize educating and assisting taxpayers about this new requirement to support voluntary compliance. In

addition, as with any new provision, the IRS will be able to develop error-detection systems in relation to the requirement, as we gain a more robust sense of where the risks of noncompliance exist and leverage new third-party reporting.

We are also focusing on the premium tax credit due to its size and refundable credit character. In addition to the data, tools and systems that the IRS uses to battle tax fraud of all kinds, we have some particular tools for enforcing proper payments involving this credit. As mentioned above, the Marketplaces will be providing the IRS with key 2014 transactional data prior to the beginning of the 2015 tax filing season. Having this pre-positioned transactional data will allow the IRS to efficiently sort for the basic qualification and computational elements of the premium tax credit as each tax return is processed. While the IRS does not share publicly all of the tools and techniques used for detecting noncompliance, it is important to note that the IRS will be able to determine, for example, whether:

- There is a record of anyone on the return having enrolled at a Marketplace (a basic requirement to claim the credit);
- Any advance payments made directly to the insurance company have been properly netted against the credit calculation; and
- The return reports inaccurately high premium costs or inaccurately low advance payments as compared to the Marketplace data.

### **Conclusion**

Chairman Issa, Ranking Member Cummings, thank you again for the opportunity to update you on the efforts we are making to support the new Marketplace system, to protect and safeguard Federal tax information, and to ensure compliance with the premium tax credit and individual shared responsibility requirement provisions of the Affordable Care Act. Our efforts to date are operating as planned and we are working hard to meet the milestones ahead. This concludes my testimony. I would be happy to take your questions and will do my best to answer any that are within my jurisdiction as Director of the Affordable Care Act Office in the Services and Enforcement Division, which, as I mentioned above, is only one of the four offices with primary responsibility for implementing the Affordable Care Act.

Chairman ISSA. I will now recognize myself.

Ms. Ingram, if I heard you correctly, all is going as planned and well in the rollout of the Affordable Care Act. Is that correct?

Ms. INGRAM. The portion of the responsibilities the IRS was in charge of is going fine.

Chairman ISSA. Excellent.

I would now like to—if you would give the first document to the gentlelady.

I would like to bring your attention to an email chain dated Friday, July 20th, 2012, in which you were CC'ed and added to the chain.

In preparation for the delivery of these documents, I assume, which we were delivered under discovery, you have reviewed those. Is this correct?

Ms. INGRAM. I am not sure whether I have seen the particular one, but I am reading it now, sir.

Chairman ISSA. Okay. Take your time and read it.

Ms. INGRAM. I have reviewed the document. Thank you.

Chairman ISSA. Thank you.

Do you recall this document?

Ms. INGRAM. I do not recall the document. I think I recall what it is a discussion about.

Chairman ISSA. Well, one of the areas of interest is there is a significant redaction that quotes the statute 6103. Do you know who is underneath that blackout?

Ms. INGRAM. I don't recall the document, so I can't help you with what is underneath the redaction, sir.

Chairman ISSA. Okay. So the subject of this—well, let's go to the—let's go to a second one.

Would you give her the second document?

And we will pause and give you time to read it.

Ms. INGRAM. Thank you.

Chairman ISSA. This one is from you directly, so hopefully you recall it.

Ms. INGRAM. I recall—

Chairman ISSA. Do all Members have the document in front of them?

Can we have the clerk distribute the documents? I want to make sure everyone has them in front of them. Do we have enough copies? Okay. They will be distributed.

If the gentlelady will just pause for a moment.

Do all the Members now have the document?

I think down in the front row they will need more.

Ms. Ingram, do you recall the second document, in which you are the author?

Ms. INGRAM. I remember the conversations. Since my name is on the email, I assume it is—

Chairman ISSA. Okay.

Ms. INGRAM. —me.

Chairman ISSA. Do you know the names underneath any of these black blocks, or the information?

Ms. INGRAM. No. I am sorry. I couldn't remotely remember what might have been underneath.

Chairman ISSA. So you don't know what is underneath there.

As an expert at the IRS, many times awarded by both Republican and Democratic administrations, do you know what 6103 indicates?

Ms. INGRAM. Yes, I understand 6103. Yes, sir.

Chairman ISSA. Okay. And is it true that that, in fact, is sensitive information that is not to be distributed outside people permitted to have it within the IRS and a very limited amount of people here in Congress?

Ms. INGRAM. I understand the rules of the 6103, yes, sir.

Chairman ISSA. Well, you understand that you can't distribute 6103 information outside of people authorized to see it. Is that correct?

Ms. INGRAM. Correct.

Chairman ISSA. So why are political appointees in the Office of the President receiving 6103 information? On what basis would you be allowed to discuss the information, which is a form of classification under 6103, with political appointees at the White House?

The IRS is a nonpolitical organization. You are not a political person. But isn't it true that political appointees are not allowed to see this information unless specifically cleared, correct?

Ms. INGRAM. I am not familiar with what process was used to put the markings on this document. My understanding from looking at the document is that these are names that were offered to us as examples of how the—

Chairman ISSA. Yeah, no, I understand. But you have been with the IRS a long time. 6103 information—did you share 6103 information with people at the White House?

Ms. INGRAM. I am not conscious of ever sharing 6103 information with the White House, so I—but I cannot speak to what the process was for putting these labels on this document.

Chairman ISSA. Okay. So your testimony today is that you have never shared confidential information with political appointees at the White House, but—in your 75 or 79 trips to the White House, the meetings in small and not-so-small groups with political appointees at the White House.

Then I have to understand, either this is 6103 information, as the IRS has said it is, and you have shared it with political appointees at the White House, or it is not 6103, in which case someone at the IRS is abusing the redaction and keeping this committee from getting the information it needs for its proper and lawful discovery.

I think we will have Danny Werfel back here on this subject.

Did you participate in redaction decisions at all?

Ms. INGRAM. No, sir, I did not.

Chairman ISSA. Okay.

Now, I guess one of the—this is a serious matter, but it appears from this that you were part of the discussion at a time in which a controversial rule was going into effect that included a number of conservative and religious groups and that you were providing back-and-forth advice to White House personnel on that implementation.

Is that correct?

Ms. INGRAM. My recollection of this exchange had to do with what the current IRS rules are under regulations, under 6033, in

case policymakers wanted to use any definition that existed already in the Tax Code and that they understand what they would cover or not cover depending on which definitions they chose to employ. It was not a discussion about their decision about what to use.

Chairman ISSA. So you were providing technical information on how the administration could determine whether or not church and non-church groups, schools sponsored by churches and other affiliated groups, whether or not they could be compelled under the Affordable Care Act to do certain things. Is that correct?

Ms. INGRAM. It was a discussion about what the current definitions under 6033 mean and have been for some decades.

Chairman ISSA. But the questions from political appointees at the White House to you in your nearly 80 trips back and forth, and apparently a large amount of emails, had to do with their desire to compel religious groups to do certain things under the Affordable Care Act, and you were advising them as to what the law would be and how they might implement it. And in the case of one of the emails, you said, "Hoping there is a quick answer while I prep for something else. Please copy me on the answer."

So this was something where you wanted to be aware of and participate in the decision process by political appointees at the White House. Is that correct?

Ms. INGRAM. I think that portion of the email is addressed to staff at the IRS, hoping that they could take care of answering the questions about 6033.

Chairman ISSA. Right. I was reading, actually, your quote. "Hoping there is a quick answer while I prep for something else. Please copy me on the answer." That is your portion of that first email.

Ms. INGRAM. Yes. It was an ACA-related question, and I wanted the staff to do the analysis.

Chairman ISSA. So you have been intimately involved in ACA implementation questions, including whether or not somebody would receive a waiver, whether or not somebody under current law could or could not be forced to do something they did not want to do. Is that correct?

Ms. INGRAM. I have been involved in answering questions about how the rules work, and that is what this exchange is about. It was not about what rule they, the policymakers, ought to adapt.

Chairman ISSA. And one last time: The information underneath here, if it is not 6103, you certainly would agree that we should know what it is. And if it is 6103, then it is something you have said you have never done, which is to transfer 6103 information to political appointees at the White House.

Ms. INGRAM. I would have to refer you to the people who did the redactions.

Chairman ISSA. No, I just—

Ms. INGRAM. I don't know what is underneath, sir. I am sorry.

Chairman ISSA. Neither do we. Neither do we.

I now recognize the ranking member.

Oh, I now recognize the gentlelady from New York.

Mrs. MALONEY. Thank you.

And I would like to thank Ms. Ingram for your public service and congratulate you on earning a reward, an award, for your work on

combatting terrorism financing. As one who lost 500 constituents on 9/11, I know how important this work is. It is vital to our homeland security and vital to saving American lives. So I wanted to thank you for that.

I also think that it is important that we realize the impact the government shutdown is having on our economy. Because an important part of homeland security is economic security, and our economic security is falling. The stock market is closing at the lowest level in a month. The Dow Jones average fell 136 points. The Standard & Poor's 500 Index fell 14 points. The NASDAQ fell 37 points. And consumer confidence is at an all-time low due to the threat of a default on our debt, on American debt.

I do want to make an important point, that 195 Democrats have signed a petition saying that they will vote today, they will vote in 10 minutes, to open up the government. And I feel if a vote was allowed on the floor, there would be enough like-minded Republicans that would vote, as we did on the Violence Against Women Act and other areas, jointly in a bipartisan way to open up our government.

And I would say that, instead of having a hearing on unfounded allegations, we should be looking at what the impact of this shutdown is on the IRS and other government agencies and their ability to provide services to the American people.

So I would like to ask you, Ms. Ingram, what is the percentage of people that have been furloughed in the IRS?

Ms. INGRAM. I have been informed that it is roughly 90 percent.

Mrs. MALONEY. Ninety percent. Well, who is left?

Ms. INGRAM. A small number of people trying to keep essential things moving.

Mrs. MALONEY. Well, do you think the government shutdown will impact the agency's ability to carry out your mission, to enforce the tax laws of our country in a fair process with great integrity?

Ms. INGRAM. Overall comments on issues about such shutdown and budget I need to defer to folks back at the IRS.

Mrs. MALONEY. Well, I want to focus on one area that the IRS plays a critical role in in our economy, and that is the approval of mortgage loans.

And, regrettably, due to the recession, homeownership is at the lowest level in 18 years. But home sales are finally beginning to tick up until we got to this shutdown, and now they have again fallen backwards, even though housing finance is considered by some economists to be as high as 20 to 25 percent of our economy, with the related industries.

Mrs. MALONEY. So this slowdown in the approval of mortgage loans is going to have a dramatic effect on our economy.

And the shutdown of the IRS has a specific responsibility. Because, as I understand it, the IRS has to approve or provide tax records for 1 year for any mortgage approval. Is that correct?

Ms. INGRAM. I am not the right person to answer detailed questions about that program. I am sorry, ma'am.

Mrs. MALONEY. Well, I looked at the IRS Web site just in case you couldn't answer, and, by law, any mortgage loan approval is subject to the review by the mortgage lender of at least 1 year's worth of Federal tax returns.

This process of verifying income requires the assistance of an IRS employee. Therefore, a third-party mortgage firm cannot verify a borrower's income via his or her tax return and the sale cannot be closed. So, therefore, even though the FHA is continuing to process loans and some banks are processing loans, they need the IRS to approve these tax returns. So, therefore, the sale and the mortgage cannot go through.

And it had on the Web site commonly asked questions. And it said, can a third party obtain a tax transcript during the shutdown? And the answer was clearly no. So we can't move forward in this vital area of approving home loans and mortgages that could help our economy move forward.

And consumer confidence continues to decline the longer this shutdown lasts. And as a result of lackluster expectations, Realtor.com also notes that the number of mortgage applications is also decreasing dramatically, after experiencing an uptick prior to the shutdown of the Federal Government.

So I would say that what we should be focusing on is what we can do to open up the government. We are now in day 9 of the government shutdown. My time has expired. Let's work together to open up the government and get our economy moving again.

Chairman ISSA. I thank the gentlelady. And I will take her opening statement as a recommendation that we hold a hearing on whether, in fact, essential personnel at the IRS should have included people for that department.

Mrs. MALONEY. Thank you.

Chairman ISSA. With that, we go to the gentleman from Ohio, Mr. Jordan.

Mr. JORDAN. Thank you, Mr. Chairman.

Ms. Ingram, you have been at the IRS how long?

Ms. INGRAM. I am sorry, I was adjusting the mic, sir.

Mr. JORDAN. You have been at the IRS how long.

Ms. INGRAM. Over 31 years.

Mr. JORDAN. And you take the—I want to go back to where the chairman was. You take the 6103 confidentiality statute pretty seriously at the IRS?

Ms. INGRAM. Very seriously.

Mr. JORDAN. In fact, let's put up the definition here, just the statute itself.

It says, "No officer or employee of the United States shall disclose any return or return information obtained by him in any manner in connection with his or her service as such an officer or employee or otherwise or under the provisions of this statute."

This is the statute itself. It is pretty straightforward. You can't share personal taxpayer information, correct?

Ms. INGRAM. True.

Mr. JORDAN. Okay.

And then you gave the—I cited it in my opening statement. You gave a presentation to the IRS Oversight Board where you highlighted this as you were talking about the Affordable Care Act.

If we can put that slide up.

This is from the presentation you gave according to the minutes of that meeting in front of the IRS Oversight Board. And I want to show, "Federal tax law imposes privacy protections that bar IRS



from disclosing Federal tax information.” Down to the final sentence, “This encompasses both the release of the data and the safeguarding of the data in the hand of the recipient.”

So if you are conveying—you can’t pass this back and forth, you have to protect it. This was the presentation you gave in front of the IRS Oversight Board.

Now, let’s go back to the email the chairman had in front of you, if we could. It is addressed to Ms. Jeanne Lambrew. Who is Jeanne Lambrew?

Ms. INGRAM. She is—my understanding is that she is on the Domestic Policy Council.

Mr. JORDAN. Your understanding? You don’t know this lady very well?

Ms. INGRAM. No, I don’t know her very well. No.

Mr. JORDAN. Well, according to the White House visitors log, we just—I mean, we do this all the time. We grabbed the White House visitors log. In a 17-month timeframe, you visited with her 75 times. That is more than once a week. It says, Sarah H. Ingram, 8:26, Jeanne Lambrew, Deputy Assistant to the President for Health Care.

Seventy-five different times it is in the log that that is who you visited with, and you would say you don’t really know her?

Ms. INGRAM. Those are the times that I was cleared to attend, not necessarily the times that I actually attended.

Mr. JORDAN. Do you know how many times you did attend of those 75 you were cleared.

Ms. INGRAM. Many fewer.

Mr. JORDAN. Many fewer. Okay. So something below 75, but potentially you could have been there 75 times. Okay.

And your testimony to Mr. Issa was that you did not disclose any 6103 information, correct?

Ms. INGRAM. I have not.

Mr. JORDAN. Okay. So who, then, at the IRS decided that you did and blacked out all they blacked out on that email? I mean, so—we got this from the IRS. We didn’t black it out. We actually want to know what is underneath.

Ms. INGRAM. There is a difference between whether somebody gives me information about a taxpayer to which I can respond versus releasing an email to other members, such as the Members of Congress. But I defer to the people at the IRS—

Mr. JORDAN. Well, wait. So are you saying you are allowed to give 6103 information to the White House?

Ms. INGRAM. It is not 6103 information. It is coming—

Mr. JORDAN. Well, can you look at—just look at that email real closely. And do you see where all the black print is, see where it is all blacked out? There is a number written on each of those blacked-out areas. And what is the number written there? Can you just say for the record what the number is?

Ms. INGRAM. “For the release of the documents”—

Mr. JORDAN. No, no, no. What is the number?

Ms. INGRAM. 6103.

Mr. JORDAN. 6103. So someone at the IRS decided this was confidential taxpayer information. And when we got these documents, when the committee got these documents, they said, “Oh, you know

what? That is information you are not allowed to see, committee.” But yet it was fine for you to communicate to the White House and release that information and give that information.

Ms. INGRAM. I would refer you to the people at the IRS who can—

Mr. JORDAN. So we want to know—

Ms. INGRAM. —better explain the difference between—

Mr. JORDAN. That would be great. We would like to know who that person is who made that decision. Because you certainly didn’t think it was. Someone did.

Ms. INGRAM. I believe the committee is interacting with people at the—

Mr. JORDAN. Let me ask you a question. This is your email. So go down there—put that back up, if we could.

I just want to ask you one question. If it is not 6103—and this is your email. Let’s just go right below the line, there is one little sentence, “The large, well-known”—blank—“university.” Do you see that little sentence there? “The large, well-known”—blank—“university.” What is underneath that?

Ms. INGRAM. I don’t know, sir.

Mr. JORDAN. You wrote it and you don’t know? You can’t remember?

Ms. INGRAM. I don’t remember every email that ever crosses—

Mr. JORDAN. You remembered the subject. This is about the lawsuits a number of Christian-affiliated universities had against the government regarding their religious liberty rights, correct? That is what the subject matter of all these emails are in this exchange with Ms. Lambrew, right?

Ms. INGRAM. It is about the definition under 6033—

Mr. JORDAN. So you can’t tell me, is that Christian University? Is that Catholic University? You can’t tell me what is underneath that word even though you wrote it?

Ms. INGRAM. No, sir. I do not know what is underneath the blanks.

Mr. JORDAN. You can’t tell me what is underneath the blanks even though you wrote it. You can’t tell me who decided to black this out and redact this so the committee couldn’t get it. But your testimony is also, I did not share any confidential taxpayer information with the White House, even though 75 times you were cleared to meet with Ms. Lambrew, and you had this correspondence back and forth with all kinds of redactions, and all the redactions say the same thing, 6103.

It sure looks like someone broke the law here, Ms. Lambrew—or Ms. Ingram.

Ms. INGRAM. I would refer the Congressman to the team with which this committee—

Mr. JORDAN. Would you provide—

Ms. INGRAM. —is already working on this document.

Mr. JORDAN. Will you provide—Mr. Chairman, if I could, please.

Will you provide us the person or persons who decided that this committee couldn’t see this information and wrote “6103” on this email?

Ms. INGRAM. I will take the word back that the folks who are working with the committee on the production of documents clarify with you——

Mr. JORDAN. But that should——

Chairman ISSA. Would the gentleman——

Mr. JORDAN. Or you should be able to give us the information. If it is not 6103, then just tell us, give us the clean email.

Chairman ISSA. Would the gentleman yield?

Mr. JORDAN. I would be happy to yield.

Chairman ISSA. Would the individuals behind Ms. Ingram who are from the IRS please identify yourself for the record?

I just want to know if there is somebody there that could communicate back to the IRS that we would like these documents in unredacted format so that we could go forward and have a conversation. Is there anyone in that group who can correspond with the IRS?

I apologize. Maybe Danny Werfel should have been here.

Mr. CUMMINGS. Yeah, he should have been here. That is my point.

Mr. JORDAN. Mr. Chairman?

Chairman ISSA. So is there any one of you who has the ability to correspond to Leg Counsel or to Legislative Affairs or to the IRS to let them know that we would like the unredacted documents so we could go forward and ask Ms. Ingram what her involvement was and what organizations were being targeted or answered in this case? Will one of you raise your hand if you can?

Ms. INGRAM. Mr. Chairman, we would be glad to take your questions——

Chairman ISSA. No, we don't want your "I will come back for the record." You will be back here if that is the case.

Okay. I would instruct the clerk—I will recognize the gentleman in a second.

I will instruct the clerk to get a call in to the IRS. I would like those documents delivered before this hearing is over so that we at least can ask the witness details about her own emails she doesn't seem to be able to recognize.

Mr. JORDAN. Mr. Chairman?

Mr. CUMMINGS. Mr. Chairman?

Chairman ISSA. Go ahead.

Mr. CUMMINGS. Hopefully they are not on furlough.

Mr. JORDAN. Two quick things, Mr. Chairman. First of all——

Ms. INGRAM. They are.

Chairman ISSA. Well, in this case, they are essential.

Mr. JORDAN. Mr. Chairman, first of all, remember what took place here. The White House and the IRS are communicating back and forth, potentially giving away confidential taxpayer information, to get lawsuits dismissed from Christian universities suing the government over their religious liberty rights, number one.

Number two, remember this: This law compels every single American, individual mandate, to go to this exchange and give personal information to the IRS. They are compelled to do that.

Chairman ISSA. I thank the gentleman.

Mr. JORDAN. And this lady was sharing personal information with the White House.

Chairman ISSA. Would the gentleman—

Mr. JORDAN. That is why this law is so scary.

Chairman ISSA. The gentleman's time has now expired.

Mr. CUMMINGS. Thank you very much.

Chairman ISSA. Would the gentleman like to be recognized?

Mr. CUMMINGS. Yes. Thank you.

Chairman ISSA. The gentleman is recognized for 5 minutes.

Mr. CUMMINGS. Thank you, Mr. Chairman. May I have 7 since you had 7?

Chairman ISSA. The gentleman is recognized for 5 minutes.

Mr. CUMMINGS. Thank you very much for your courtesy.

Ms. Ingram, unlike the last questioner, I am going to allow you to answer my questions.

Ms. Ingram, you have—not you, Mr. Chairman.

Chairman ISSA. I am glad I wasn't the last one there. I hope you have questions for her answers.

Mr. CUMMINGS. I certainly—no, I have questions. I don't answer questions—ask and answer.

Ms. Ingram, you have been attacked by several Members of Congress for personally directing the so-called targeting of Tea Party groups applying for tax-exempt status. For example, a Republican Congressman, Tim Griffin, accused you of being directly in charge of this targeting. Similarly, Republican Congressman Tom Price accused you of systemic harassment of conservative and religious organizations and argued that you should be suspended.

Ms. Ingram, let me ask you to respond to these accusations directly. Did you play any role whatsoever in developing the inappropriate criteria used to screen applicants for tax-exempt status?

Ms. INGRAM. No, I did not.

Mr. CUMMINGS. The Inspector General didn't find you responsible either, because the Inspector General understood that you were not in the chain of command during the relevant time period.

It appears that many of the accusations against you are based on a misunderstanding about your title and your position. Although you left your previous position in December 2010, your job title did not officially change until 2013. So if someone looked up your job title, they might think that you were still at TEGE. Is that right?

Ms. INGRAM. That is true, sir.

Mr. CUMMINGS. Now, Ms. Ingram, it is my understanding that when you began your new position implementing the ACA in December 2010, you were no longer functioning as the Commissioner of Tax Exempt and Government Entities. Is that correct?

Ms. INGRAM. Yes, sir.

Mr. CUMMINGS. When you took the ACA job in 2010, your former deputy, Joseph Grant, became the Acting Commissioner of TEGE. Is that correct?

Ms. INGRAM. Yes.

Mr. CUMMINGS. Ms. Ingram, did Mr. Grant fully assume those responsibilities in December 2010?

Ms. INGRAM. Yes, he did. It was announced that he would act as Commissioner.

Mr. CUMMINGS. Did Lois Lerner report to Mr. Grant when he became the Acting Commissioner of TEGE?

Ms. INGRAM. Yes.

Mr. CUMMINGS. So after 2010, Ms. Lerner did not report to you anymore. Is that right?

Ms. INGRAM. Only on paper, not in function.

Mr. CUMMINGS. So she was no longer in your chain of command?

Ms. INGRAM. That is right.

Mr. CUMMINGS. The Inspector General determined that Ms. Lerner learned about the inappropriate screening criteria in June of 2011. That was 6 months after you moved to your full-time ACA position. Is that right?

Ms. INGRAM. I understand that is the timing, yes, sir.

Mr. CUMMINGS. Since you no longer reported—since she no longer reported to you, did Lois Lerner tell you about the use of inappropriate criteria in 2011?

Ms. INGRAM. I don't recall hearing anything about it until I sat in on a meeting requested by my boss in the spring of '12.

Mr. CUMMINGS. Now, in fact, Mr. Grant, who was her direct supervisor, told us that Ms. Lerner did not tell him anything in 2011 either. I just want everyone to be clear on the fact, because I think there are some people are clearly confused about this timeline.

And I want to go back to some things Mr. Jordan was asking about. I take it that you are very concerned about 6103 information, right? I mean, you guard—I mean, how do you view that? And how have you operated—first of all, how long have you been with the IRS?

Ms. INGRAM. Over 31 years.

Mr. CUMMINGS. And so tell me about your view with regard to 6103 information and protecting it. And I remind you that you are under oath. Have you ever, to your knowledge, released inappropriately 6103 information?

Ms. INGRAM. I have never, as far as I know, ever violated any portion of 6103, which is a basic tenet from day one of employment at the IRS, to protect the confidentiality of the data that the citizens give us.

Mr. CUMMINGS. So you have spent 31 years at IRS.

Ms. INGRAM. Yes, sir.

Mr. CUMMINGS. That is a long time.

Well, I just want to thank you for your service. And I know this is a difficult situation today. I am hoping the committee will be courteous to you. You are the face of our public servants, who give their blood, sweat, and tears and sacrifice for a bigger good. And so I just appreciate you.

And, with that, I will yield back.

Mr. JORDAN. [presiding.] The gentleman from Florida is recognized for 5 minutes.

Mr. MICA. Thank you, Mr. Chairman.

Ms. Ingram, have you ever heard of Henry Chao, C-h-a-o, Chief Information Officer of Medicare and Medicaid Services?

Ms. INGRAM. Yes, sir.

Mr. MICA. You have? He said—before October 1st, he said the rollout was not ready for October and hoped it would not be a third-world experience. Are you familiar with his evaluation of the ability to roll this out?

Ms. INGRAM. No, sir.

Mr. MICA. Okay. Well, it is kind of funny. In the newspaper today, it was reported that it is easier to blog from Kenya, a third-world country, than to sign up for Obamacare. Would you say that that is an accurate assessment of where we are?

Ms. INGRAM. All I can speak to, sir, is whether our part is working as planned, and it is.

Mr. MICA. Well, your part is a couple of things. We talked a little bit about income verification. And you don't have the ability to do that now; is that correct?

Ms. INGRAM. We are operating a system that, when we are asked for the limited tax data on——

Mr. MICA. When somebody applies now, there is no verification of their income? Or will there be? Do you have that capability?

Ms. INGRAM. There is currently operating an income query process, whereby the marketplaces go through the data hub to us to——

Mr. MICA. But can you now——

Ms. INGRAM. Yes, we are successfully——

Mr. MICA. Can you now, when someone goes online, you can verify their income?

Ms. INGRAM. When we get the request, we are successfully and in all cases returning timely answers. I cannot speak to stages before us.

Mr. MICA. So the people that have so far signed up, you can verify their income now?

Ms. INGRAM. There have been requests——

Mr. MICA. And you will. Now, if——

Ms. INGRAM. It is not the IRS's role in the application process to do the total verification.

Mr. MICA. But you are enforcement, though, right?

Ms. INGRAM. Pardon me.

Mr. MICA. Are you enforcement?

Ms. INGRAM. We are worried about——

Mr. MICA. IRS is the enforcer?

Ms. INGRAM. —the tax compliant——

Mr. MICA. Tax compliant.

Ms. INGRAM. —the tax provisions, yes, sir.

Mr. MICA. Right. Well, the court said this is a tax——

Ms. INGRAM. Yes, sir.

Mr. MICA. —process.

Are you ready in 2014? When are you going to announce to folks that in 2014 they have a \$95 individual penalty or a \$285 family penalty if they haven't complied with signing up?

Ms. INGRAM. We have final regs, we have materials on our Web site, and that has been part of our——

Mr. MICA. So you ready to go——

Ms. INGRAM. —part of our public outreach.

Mr. MICA. When do you plan to send out notices? Will that be in 2014?

Ms. INGRAM. I am sorry, sir. Notices? I am trying to track you.

Mr. MICA. Well, that you have not complied and individuals have not complied.

We eliminated the employer mandate temporarily. I guess the President suspended that. But you have—folks are going to get a

sticker shock when they find out that they are going to have this obligation.

But you are prepared to send that out?

Ms. INGRAM. We already have information about that provision in our outreach materials, in public meetings, on the Web site, et cetera.

Mr. MICA. But you haven't sent that out. You are not ready; you are just preparing for that.

Ms. INGRAM. May I ask for a clarification about which notice the Congressman is referring to?

Mr. MICA. Again, if you haven't complied, there is a \$95 individual—

Ms. INGRAM. Yeah.

Mr. MICA. —payment, \$285 per family. At some point, that has to kick in, right?

Ms. INGRAM. So after the returns are filed in early 2015 would be the first time—

Mr. MICA. Okay.

Ms. INGRAM. —that we would have any information.

Mr. MICA. Not until then.

All right, another thing is, can you tell us how many have signed up for Obamacare?

Ms. INGRAM. No, sir. That is not part of the IRS role, and we have no insight into those numbers.

Mr. MICA. You have no insight.

You know, all the reports I have—I read, you know, a little bit of who was responsible for setting this up. It says the system was developed by CGI Group.

Then I got a list of who—if you could put the list up of who got the obligation contracts to put this system together.

This is a partial list. It is about a quarter of a billion dollars these folks received. I didn't know them, but they have a pretty good reputation, I understand. I did recognize Booz Hamilton.

Were you involved in either deciding on any of these contracts being awarded at all or involved in picking who put this together?

Ms. INGRAM. These are all HHS contracts. We have—

Mr. MICA. I know.

Ms. INGRAM. —nothing to do with those.

Mr. MICA. No, I asked you—yeah.

Ms. INGRAM. No, we have nothing to do with that.

Mr. MICA. And would there be political people, appointees that would have made that, or other people in HHS?

Ms. INGRAM. I would have to refer you to the other agency, sir.

Mr. MICA. Well, I was just a little surprised by that.

And I will just show the committee. I went to one of my recognized, Booz Hamilton, and then just checked the political contributions.

If you would put up the political contributions.

It is quite revealing. Over almost a quarter of a—let's see, that is a million dollars to the Democrat side, \$287, and \$63,000 to the Republican side. It looks like some of these contracts—and this is on [opensecret.com](http://opensecret.com)—which is to political folks.

But you are not aware of any of that activity, right?

Ms. INGRAM. We have no part of any of this.

Mr. MICA. And, again—and it might be interesting to go back, for the media and other folks, to see who got contracts and who were the big players.

Finally, are you aware of any requirements for hiring additional personnel or additional space needed to house IRS personnel who will be involved in Obamacare? How much space and how many people?

Ms. INGRAM. I am not aware of space issues, but the 2014 President's budget includes the need to have additional IT specialists come in and help us finish the work for 2015.

Mr. MICA. Finally, the amount of capacity, I am told, of your core data center, for most of our 400 IT core data centers, we only use about 8 to 12 percent of capacity.

Do you know what percent of capacity for the data centers, or could you provide it to the committee, is used by IRS currently?

Ms. INGRAM. That is certainly beyond my—

Mr. MICA. Well, I am asking if—

Ms. INGRAM. —knowledge, but we can take the question back.

Mr. MICA. —you could provide it. Because we find very little has been used for most of those, again, according to reports Mr. Connolly and I have gotten.

Thank you. I yield back.

Mr. JORDAN. I thank the gentleman.

The gentleman from Virginia is recognized.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Now, let's get a few things out of the way here, Ms. Ingram.

Have you ever read "The Crucible" by Arthur Miller?

Ms. INGRAM. I have not read it. I have seen it performed.

Mr. CONNOLLY. And you know what it is about?

Ms. INGRAM. Yes, sir.

Mr. CONNOLLY. What is it about?

Ms. INGRAM. Well, I am from New England, so I am familiar with the original story.

Mr. CONNOLLY. So it is about?

Ms. INGRAM. It is about the Salem witch trials.

Mr. CONNOLLY. Ah. So let's get—you are under oath. Have you been consorting with the devil?

Ms. INGRAM. Not to my knowledge, sir.

Mr. CONNOLLY. Are reports that you can fly accurate?

Ms. INGRAM. Greatly exaggerated, sir.

Mr. CONNOLLY. Have you been involved in any way in trying to pervert our youth in Salem or anywhere else?

Ms. INGRAM. I certainly hope not, sir.

Mr. CONNOLLY. You are sure?

Ms. INGRAM. Yes, sir.

Mr. CONNOLLY. Well, all right.

You received an award in the Bush administration for excellence in public service, the highest award I think for anyone in the IRS; is that correct?

Ms. INGRAM. It is the highest award given to members of the Senior Executive Service, yes.

Mr. CONNOLLY. Did the devil have anything to do with that award?



Ms. INGRAM. I was not part of either the nomination process or the awarding. I can't say, sir.

Mr. CONNOLLY. We now know that the Bush administration manufactured evidence about weapons of mass destruction to justify the invasion of Iraq. Were you involved in that?

Ms. INGRAM. Uh—

Mr. CONNOLLY. Because you received an award from President Bush. So there is a connection.

Ms. INGRAM. No, sir.

Mr. CONNOLLY. Really? Hmm. All right. If that is your testimony, Ms. Ingram.

In your testimony, you said that the IRS is permitted to disclose tax return information to other Federal agencies and State tax authorities to facilitate efficient tax administration. And you cited the fact that the ACA provides a specific exception—and we are talking about 6103 here—for information-sharing activities.

Could you explain what that means? That sounds very ominous. It sounds like the devil is involved here.

Ms. INGRAM. So, from time to time, Congress puts exceptions in the 6103 rule to permit or in some places require us to share tax data in narrow circumstances to forward some policy that Congress has in mind. As part of the ACA, there was an amendment made to 6103 to require us to share data upon request—

Mr. CONNOLLY. For what purpose?

Ms. INGRAM. For the purpose of the recipients' using it to determine eligibility for the benefits of the marketplaces and Medicaid.

Mr. CONNOLLY. So the recipient would be who? The White House? Political operatives? The devil? Who is it?

Ms. INGRAM. It is the individual marketplaces and Medicaid offices who are using the data under the new part of 6103 to make income-based determinations on eligibility for their programs.

Mr. CONNOLLY. So it is not political activity?

Ms. INGRAM. No, sir.

Mr. CONNOLLY. It is not partisan political activity?

Ms. INGRAM. No, sir. We are required by statute.

Mr. CONNOLLY. By statute. You mean we wrote it?

Ms. INGRAM. Yes, sir.

Mr. CONNOLLY. Oh.

Ms. Ingram, I just want to say that, at least on this side of the aisle, you are an esteemed public servant. We deeply appreciate the service you have provided to your country. We are glad that you have stepped up to try to make affordable care available to all Americans, pursuant to the statute written by this Congress.

And, at least speaking for myself, I deeply regret the fact, going back to "The Crucible," that you are going to be pilloried here today. And I very much appreciate, as a fellow New Englander, your sangfroid and your willingness to put up with it. But don't for a minute think that the pillorying to which you are going to be subjected speaks for all of us. It does not. And, frankly, if the American people are watching this hearing, they are going to be ashamed of the treatment to which you are subjected.

Thank you for your service.

Mr. CUMMINGS. Will the gentleman yield?

Mr. CONNOLLY. I will yield.

Mr. CUMMINGS. Just one question, Ms. Ingram. You have been asked several questions about your responsibility under the IRS with regard to the Affordable Care Act.

Are you where you were scheduled to be—in other words, with regard to the development of everything that you all were supposed to do under your section of the IRS?

Ms. INGRAM. Yes.

Mr. CUMMINGS. Are you following my question?

Ms. INGRAM. Yes, we are on—for the business operational parts that I am responsible for contributing to the team, we are on schedule.

Mr. CUMMINGS. Thank you very much.

Mr. JORDAN. The gentleman from Tennessee is recognized.

Mr. DUNCAN. Thank you very much, Mr. Chairman.

And I will make it clear that I have no complaints about or criticisms of Ms. Ingram. But in Forbes magazine just this morning, a columnist named Avik Roy wrote this. He said this: “One week into the launch of Obamacare, however, it is not a joke. It is literally easier to blog from the Kenyan border than to sign up for insurance on Obamacare’s Federal exchange. Why is this happening? Politics. The Obama administration was more afraid of delaying the launch of Obamacare than they were of botching it.

“All you need to know about the rollout of Obamacare’s subsidized insurance exchanges is that so far the toughest questions posed to the Obama administration have come from Comedy Central. ‘We are going to do a challenge,’ Jon Stewart told Kathleen Sebelius on ‘The Daily Show.’ ‘I am going to try and download every movie ever made, and you are going to try to sign up for Obamacare, and we will see which happens first.’”

Some of the last questions made it seem that maybe they were done sort of in a joking manner, but this really is nothing to joke about. It is really kind of sad that this law was signed into effect in March of 2010. Forty-two months the government employees have had to prepare for this, 3-1/2 years. Ms. Ingram has been working on this since December of 2010. And, once again, I have no complaints about Ms. Ingram. But I think it is kind of ridiculous, kind of sad that, after all this time, things are in the shape that they are in.

And, also, I find out this morning that the taxpayers have paid over \$400 million in sweetheart deals to government contractors to help all the government employees who have been working on this to try to get this in shape. I mean, this is the most messed-up, convoluted, confusing law that I think that has ever been passed.

And even before this rollout, as bad as it has been, thousands and thousands of citizens across this country have written and emailed and called Members of Congress. I have to just—I can bring so many examples, but I have one that says, “I am a retired TVA employee and received notice of a more than \$500 increase in monthly health insurance. Starting in 2014, monthly premiums will be \$1,495 per month for me and my wife. Went into the Affordable Care site and premiums are about the same, except none of my doctors are on the list. I encourage you to keep voting to defund Obamacare, vote against increasing the debt ceiling, and vote to include everyone in Obamacare—no waivers or credits. My slogan for

President Obama is: "Be a man, sign up for your own plan." That was from Jack H. Weiss.

Then another man, Joseph Schmitt, emailed me, "I remember our President saying the new healthcare bill will reduce costs. I have my healthcare renewal forms, and the premium has increased about 15 percent, a \$700 deductible is added, and my copayment is increased. Drug coverage is also increased. Maybe you can do nothing about this, and I understand. I just want you to know that I feel as if the truth was not told."

And another example from Bruce Christopher, it says, "My 2011 health insurance premium is going up 11 percent for less coverage. Copay and deductibles have doubled. Just thought you would want to know."

Now, you have your responsibilities. And the IRS Commissioner, Mr. Shulman, was here earlier, and also he said that—he noted that the statute does not allow traditional enforcement methods. But he said that the IRS will, quote, "communicate with the taxpayer and attempt to resolve the outstanding liability."

Can you tell us, since you are in charge of this office, Ms. Ingram, how will the IRS communicate that information to taxpayers?

Ms. INGRAM. I believe then-Commissioner Shulman was referring to the individual payment provision.

Mr. DUNCAN. Right. That is correct.

Ms. INGRAM. So the traditional parts that are not available to us per the statute is that, if there is a liability related to that provision, liens and levies and any criminal steps cannot be used for that provision. And we are operationally making sure that that is absolutely true as it rolls out.

For the if somebody is not covered, which most Americans are, or they are not eligible for an exemption, a statutory exemption, which another group is, if they actually have a liability and do not pay it as part of their return-filing process, it would be a balance due like other balance dues.

And we are very conscious that, in the early times, there is education to be done and—

Mr. DUNCAN. Well, how will you identify the people who haven't complied? I mean, are they supposed to check a box on their tax return, or what is going to happen?

Ms. INGRAM. We received a great deal of feedback that it would be helpful to Americans who are covered to be able to check a box and know that they were done. So our intention is to give people an easy way as part of their tax-filing process to check a box or indicate the exemption that they qualify for or to calculate the penalty as part of their return-filing process.

Mr. DUNCAN. And now you know that all these employer mandates have been delayed. And it was my understanding that the IRS was going to use the information obtained in these employer mandates to do your required compliance work. So were you going to use the information that these employers provided?

Ms. INGRAM. So the information that is relevant to this provision is the information coming from the insurer information reports. And for the first year, the Congressman is correct that that is not mandatory in the first year.

We are making sure citizens have the information they need to fill out their returns correctly and honestly, which most taxpayers do, I would like to emphasize. And we will be looking to see whether there are other ways to look at the filing patterns.

But our main concern in the first year is to make sure people are educated and know what they need to do.

Mr. DUNCAN. Well, let me—my time has expired, and I just—

Ms. INGRAM. In second year, we will have the returns.

Mr. DUNCAN. I just want to say that I feel it is really—this is not a joke to the American people. And it is sad that we would have laughter and jokes here in this committee hearing, in my opinion.

Thank you.

Mr. JORDAN. I thank the gentleman.

The gentleman from Pennsylvania is recognized.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

And, Ms. Ingram, thank you for coming here today and putting up with our committee, especially right now in an atmosphere on Capitol Hill where there is an utter frenzy to do everything people can think of to get rid of Obamacare before it takes effect, including this hearing.

But, Ms. Ingram, in my 4-1/2 minutes left, I want to see if we can cover the big picture.

You are a 31-year employee of the IRS; is that correct?

Ms. INGRAM. Yes.

Mr. CARTWRIGHT. You were not working at the Tax Exempt and Government Entities part when the targeting of the both conservative and progressive political groups came to light. Am I correct in that?

Ms. INGRAM. I was not working at TEGE, though I will note that it is true that on paper I still had that title.

Mr. CARTWRIGHT. I saw that. But you didn't know that targeting was going on until after you stopped working in that area?

Ms. INGRAM. Yes. The first I heard was in the spring of 2012.

Mr. CARTWRIGHT. And you now work on the IRS piece of part of the implementation of the ACA. Is that correct?

Ms. INGRAM. Yes, sir.

Mr. CARTWRIGHT. All right. You are working 60 or 70 hours a week at that, aren't you?

Ms. INGRAM. Ah, yes.

Mr. CARTWRIGHT. All right. And you are working in one of the four offices of the IRS having to do with implementation and handling of the ACA. Am I correct in that?

Ms. INGRAM. Yes, sir.

Mr. CARTWRIGHT. Okay. So one office is the Information Technology Division. That has been tasked to provide overall direction and day-to-day management and oversight of ACA-related IT delivery for new and modified systems. Is that right?

Ms. INGRAM. That is true.

Mr. CARTWRIGHT. You are not in that office, right?

Ms. INGRAM. No, sir.

Mr. CARTWRIGHT. Another one is the Privacy, Governmental Liaison, and Disclosure Office, which has been tasked to monitor almost 300 Federal and State agencies currently approved to receive

tax data and to ensure compliance with Section 6103, the one that had been bandied about a bit this morning, right?

Ms. INGRAM. Yes, sir.

Mr. CARTWRIGHT. And you are not in that office, are you?

Ms. INGRAM. No, sir.

Mr. CARTWRIGHT. One is the Office of Healthcare Counsel. This office has been tasked to coordinate the ACA across the Office of Chief Counsel in collaboration with the ACA, ACIO, ACA Safeguards, and ACA S&E PMO. You are not in that office either, are you?

Ms. INGRAM. No, I am not, sir.

Mr. CARTWRIGHT. Okay.

The one you are in is ACA Services and Enforcement Division, the one that has been tasked to coordinate ACA across S&E operations in collaboration with ACA, ACIO, Associate Chief Information Officer, Healthcare Counsel, and ACA Safeguards. Am I correct in that?

Ms. INGRAM. Yes, sir.

Mr. CARTWRIGHT. All right.

Well, now, if you had questions about those offices that you are not in, it would be more appropriate to bring the people from those offices and question them, would it not?

Ms. INGRAM. Yes, sir. There is a limit as to what I can provide as to their operations.

Mr. CARTWRIGHT. So, for example, exactly how 6103 information blocking comes up, you would want to ask the Privacy, Governmental Liaison, and Disclosure Office about that, wouldn't you?

Ms. INGRAM. Yes, sir, and the lawyers that advise them.

Mr. CARTWRIGHT. Right.

But now let me ask you this. There is an October 4, 2013, letter that Ranking Member Cummings wrote to Chairman Darrell Issa asking that people from all four of those divisions be brought here to testify. That was declined; they only wanted you. And they have asked you about all of these other subjects.

Do you have any information at your disposal as to why Chairman Issa declined the participation of all these other people who know about these subjects?

Ms. INGRAM. I have not been a part of any of those conversations, sir.

Mr. CARTWRIGHT. In fact, in the same letter, Ranking Member Cummings asked pointedly if Chairman Issa would also invite Acting IRS Commissioner Danny Werfel, who is charged with overseeing this entire effort at the IRS, and that also was declined.

Ms. Ingram, do you know why Chairman Issa declined bringing Acting IRS Commissioner Werfel to answer those questions here today?

Ms. INGRAM. Again, I haven't been part of any of those conversations, sir.

Mr. CARTWRIGHT. And I guess, even larger picture, Ms. Ingram, you don't work at the HHS, which is responsible for the overall rollout of the Affordable Care Act, do you?

Ms. INGRAM. No, sir.

Mr. CARTWRIGHT. And they weren't invited here to answer questions today. Do you know why that was?

Ms. INGRAM. I am not familiar with how the decisions were made, sir.

Mr. CARTWRIGHT. Well, if you have a question about a subject, wouldn't you want the person there that knows the most about that subject to answer those questions? Wouldn't a tribunal that wants to get to the truth of things act that way, instead of putting it all on somebody who is only working in one specific area?

Ms. INGRAM. I defer to the committee. Sorry, sir.

Mr. CARTWRIGHT. Thank you very much for your time.

And I yield back.

Mr. JORDAN. I thank the gentleman.

The gentleman from Utah is recognized.

Mr. CHAFFETZ. I thank the chairman. I would actually yield to the gentleman from Ohio.

Mr. JORDAN. I appreciate the gentleman yielding.

Just real quick, in answering Mr. Cartwright's line of questioning, I would just remind the committee again: We have the ACA implementation IRS Oversight Board briefing May 2nd, 2013, the document we got from the IRS Oversight Board. Ms. Ingram did that briefing. Page 7 of the minutes says, "Affordable Care Act update, led by Sarah Hall Ingram." She discussed the security and safeguard programs the IRS has in place regarding the sharing of data among its partners.

So it was, again, good enough for her to brief the IRS Oversight Board. It seemed like it would be appropriate for her to brief this committee in Congress.

I want to go back to the email real quickly, if I could. Let's go back. I just want to stress for the committee, the underlying issue here was about 58 different institutions who were suing the government because they believed their religious liberty rights, their First Amendment religious liberty rights, were being infringed upon by the Affordable Care Act.

Isn't that correct, Ms. Ingram? This regarded the lawsuits that were in place, that were filed, regarding infringement of religious liberty.

Ms. INGRAM. I am sorry, Congressman. I don't see where the litigation is mentioned.

Mr. JORDAN. Not mentioned. This is what you are talking about.

Ms. INGRAM. No, sir. I am explaining how—

Mr. JORDAN. Only schools below college level that are affiliated with a church or operated by a religious order, these schools, while exempt from filing, would not meet their religious employer unless they are a church—this is all about institutions. Because, again, remember what was going on at this time. The administration was concerned about all these entities suing the government.

Ms. INGRAM. This is about 6103 rules—6033 rules in the Internal Revenue Code and how they work.

Mr. JORDAN. Used to define who qualifies and who doesn't, who would be exempt and who wouldn't be.

And the end result was, from your discussions and the way the ruling was changed, most of these lawsuits were dismissed, lawsuits like Colorado Christian University v. Sebelius, Priests for Life v. Sebelius, Roman Catholic Archbishop of Washington v. Sebelius, Wheaton College v. Sebelius, Hobby Lobby—most of these cases

have been dismissed because of the change in the definition that was being discussed in these emails, correct?

Ms. INGRAM. All I know, to respond to you, Mr. Congressman, is that I was answering questions about how current tax definitions worked under 6033. I was not involved in litigation or regulation decisions.

Mr. JORDAN. You were answering—the White House wanted to know if they could change the definition. You were giving them information about the definition, and the end result was most of these suits were dismissed. That is what happened.

Ms. INGRAM. I can't speak to that, sir. I can only explain—

Mr. JORDAN. You don't have to speak to it; it is the fact. And part of that was determined by the back-and-forth between the White House and you. And our concern, of course, is, in that correspondence that resulted in most of these cases being dismissed, you shared, at least by someone's definition at the IRS, you shared personal taxpayer information with the White House.

And now, under the Affordable Care Act—and now, under the Affordable Care Act, Americans have to give personal information to the IRS, to the same lady, to the same organization that potentially, at least by someone's definition, shared all kinds of personal information with the White House political people at a time—this took place, again, at a time when religious institutions were suing the government because the Affordable Care Act infringed on their religious liberty rights.

That is what people are nervous about. That scares a lot of people. You guys working back and forth, personal information going in emails; the end result is lawsuits get dismissed, religious institutions don't get their day in court. And now all of America has to send the same kind of personal information to you and the IRS in order to get health care.

Ms. INGRAM. May I have a minute to respond, sir.

Mr. JORDAN. Sure.

Ms. INGRAM. First, I will let the committee and the specialists in 6103 law provide the explanation as to why it would not have been a 6103 problem for me to have this email but a 6103 issue vis—vis the committee. And I will let you and they work that out.

Mr. JORDAN. Oh, wait, wait, wait. Just stop right there a second.

So it was okay—that is amazing. It is okay for the White House to get the unredacted version, political people at the White House, from the same entity that targeted groups who came into existence because they opposed the Affordable Care Act, but Congress can't get it. That is just what—that is unbelievable.

You just told us it is okay—you said you didn't do anything wrong, it is okay for the White House to get this information, but we on the Government Oversight Committee can't get the same information.

Ms. INGRAM. I cannot answer what is under those blocks, so I cannot answer whether the information originated with the White House or not. And I would refer you—

Mr. JORDAN. This is phenomenal. You wrote it. You don't know what is underneath those blocks. But it was okay for the White House to get it, but it is not okay for us to get it. And Americans are supposed to rest assured the IRS will treat their personal infor-

mation—when they are forced by the law to sign up for the Affordable Care Act, Americans are supposed to rest assured you guys will treat that in a confidential fashion. Unbelievable.

Mr. CUMMINGS. Time is up.

Mr. JORDAN. My time has expired.

Mr. CHAFFETZ. I will go ahead and yield back.

Mr. JORDAN. I thank the gentleman for yielding.

Mr. Tierney is recognized.

Mr. TIERNEY. Thank you.

Thank you, Ms. Ingram, for subjecting yourself to this today. I appreciate you being here.

So, look, I mean, a lot of the Members in this Congress, Republican Members, including some of the ones on this committee, have sort of been alleging that the White House orchestrated the so-called targeting of Tea Party groups.

For example, on May 14th, 2013, Chairman Issa stated on national television, “This was the targeting of the President’s political enemies effectively, and lies about it during the election year so that it wasn’t discovered until afterwards.”

So our committee has now heard from over 30 witnesses in interviews or in hearings, and none of them have indicated that the White House was involved in the treatment of applications for tax-exempt status.

Ms. Ingram, do you have any reason personally to believe that the White House directed targeting of Tea Party organizations?

Ms. INGRAM. I have never heard anything that would indicate that.

Mr. TIERNEY. Did anyone in the White House directly or indirectly ever instruct you to treat the Tea Party organizations differently from any others?

Ms. INGRAM. I have never had any such conversation with the White House.

Mr. TIERNEY. So, to be clear, you have no knowledge of any White House role in these cases whatsoever. Is that correct?

Ms. INGRAM. None whatsoever, sir.

Mr. TIERNEY. Now, there have been press accounts claiming that since 2009 you visited the White House 165 times. Is that correct?

Ms. INGRAM. I have been told of the press accounts.

Mr. TIERNEY. Okay.

Ms. INGRAM. Those have to do with clearances, not attendance.

Mr. TIERNEY. So most of us realize that those logs can often include scheduled visits that didn’t actually take place. So how many times did you actually visit the White House complex during the timeframe, in 2009 area?

Ms. INGRAM. I am sorry, sir. From when to when.

Mr. TIERNEY. From 2009 on.

Ms. INGRAM. Well, I don’t have a number, sir, but once I started the ACA work, from time to time I would accompany Treasury to the Old Executive Office Building to provide administrability analyses for an issue that is being discussed amongst the multiple agencies. And that put me on a list for building clearances that was a repeating invitation, but I only went when I could add value from an administrability point of view.



Mr. TIERNEY. On any of those visits that you made, were they about the applications for tax-exempt status that are under investigation by this committee?

Ms. INGRAM. Never, sir.

Mr. TIERNEY. Okay. In fact, these regularly scheduled inter-agency meetings are on the Affordable Care Act is primarily what you were invited to participate in; is that correct?

Ms. INGRAM. As far as I know, always Affordable Care Act.

Mr. TIERNEY. And they took place in the Old Executive Office Building, not in the actual residential White House or the Office of the White House itself?

Ms. INGRAM. I would say yes, except that I have a vague memory that for one meeting I went through a—somewhere in the sub-basement, I went through a second checkpoint. So I don't really know where I was at that point, but I just want to be open and complete about that.

Mr. TIERNEY. Sure.

Well, look, you know, some people have attempted to paint these meetings as evidence of a political bias on your part, so I want to give you an opportunity to respond to that. Have any of your actions at the IRS implementing the Affordable Care Act been motivated by any of your personal political views?

Ms. INGRAM. Absolutely not. Those—there is no place for personal political views in my work at the IRS.

Mr. TIERNEY. In your tenure at the IRS, have you ever treated organizations differently based on their political views?

Ms. INGRAM. Absolutely not.

Mr. TIERNEY. Have you seen any evidence that political bias has motivated the actions of any other IRS employee?

Ms. INGRAM. I have not seen bias in the work at the IRS.

Mr. TIERNEY. Okay.

I mean, we should be troubled by the baseless and partisan attacks that have been lobbed not just against you but others during the course of this investigation. So, hopefully, the record will be clear now and that it has been recognized that your duties have been exemplary conducted on that. And I thank you for your service.

I yield to Mr. Cummings.

Mr. CUMMINGS. I am just sitting here listening to all of this. And, you know, I was listening to what Mr. Jordan just asked you. It is troubling.

Do you have a family?

Ms. INGRAM. Yes, sir.

Mr. CUMMINGS. Are you married?

Ms. INGRAM. Yes, sir.

Mr. CUMMINGS. Do you have children?

Ms. INGRAM. Not my own.

Mr. CUMMINGS. Uh-huh.

And the reason why I asked you that is sometimes I think we forget that public employees are human beings simply trying to do a job, people who could probably go out in the private sector and make more money. And the idea that you gave 31 years—that 31 is just ringing in my head. That is a lot of time.

And I want to go back to something Mr. Connolly said. I want you to know, you may very well be attacked here today, but this is really not about you. This is bigger than you. And I want you to understand that.

Thank you very much.

Mr. JORDAN. I appreciate the gentleman's comments. And he is exactly right. It is not just about Ms. Ingram. It is about Americans who have to comply with this act.

And I would just point out this, too: Lots of people underneath these redactions have families, as well, and they had their personal information bandied about like it was nothing. That concerns all of us.

The gentleman from Michigan is recognized.

Mr. WALBERG. I thank the chairman.

And, Ms. Ingram, I also thank you for being here to testify. We need to ask questions of a lot of people, and you are one of those.

I appreciate the fact of concern from my colleagues on the other side of the aisle that we treat Federal employees like human beings as well. And that is right; it ought to be that way.

But I also think about the 59-year-old woman in Jackson, Michigan, who calls my office in tears, a single mother, single-parent mother, who was just informed by her employer that she was being cut back from her part-time job of 35 hours as a home caregiver to 25 hours. And the additional revenue she made as a waitress on the weekends now would not come anywhere near covering her mortgage. That is a human being, as well. And that is why we are trying to get answers in hearings like this, and that is why we appreciate you being here.

It is also the employer of 54 individuals, human beings, in my district who was told by his insurance carrier that they could not provide coverage for them anymore for their employees because they wouldn't meet the requirements of Obamacare.

And so that is why we these hearings are important: to get to the issues that get the human beings, citizens, taxpayers, people that have dreams and aspirations just as you, Ms. Ingram, and I and my colleagues have, as well. And that is important to do this, and not to have a battle that continues to go on about shutdowns. Though I believe, very clearly, leadership on the other side of the aisle relishes this shutdown taking place and the pain that it brings about for political reasons.

I ask you a question, moving on, dealing specifically with the employer mandate in the Affordable Care Act and the constitutional opinions that are out there all over the place that the President did not have the authority to delay the employer mandate. And we are asking for the individual mandate to be delayed for fairness, so they can get it right.

But, Ms. Ingram, were you involved with discussions about the employer mandate delay prior to the announcement of the delay in a July 2nd blog post? Were you aware of that?

Ms. INGRAM. I was asked during that early summer about my views about the administrability of going forward with no relief or going forward with various kinds of relief and including the input that was coming in from the employer community about wishing to have more time to analyze their data and IT needs and from the

insurer community and to consider administrability, which I always do, not only from the point of view of the IRS but from the individual and from the information reporter.

Mr. WALBERG. Do you know why the administration chose to wait as long as July 2nd to post this delay in a blog, why that decision was made?

Ms. INGRAM. I was not in the decision-making process. I provided administrability analysis.

Mr. WALBERG. Were you involved in the discussions regarding the administration's legal rationale behind the delay?

Ms. INGRAM. No, sir.

Mr. WALBERG. So you don't know what factors were considered for our President to ultimately make that decision?

Ms. INGRAM. I was not involved in the discussion, and I was told that the decision was made by the Assistant Secretary.

Mr. WALBERG. Is it true that the IRS will collect Obamacare's employer mandate penalty?

Ms. INGRAM. In—when, sir? I am sorry. In what—

Mr. WALBERG. When it is in effect. Will you, the IRS, collect the employer's—Obamacare's employer mandate penalty?

Ms. INGRAM. Yes. Once the information reporting commences, there will be the sufficient information to be able to calculate the tax.

Mr. WALBERG. So the employer mandate penalty amounts to \$2,000 or \$3,000 penalty per worker, as I understand what is in the law. Can you explain why the penalty would be \$2,000 per worker and when it would be \$3,000 per worker?

Ms. INGRAM. The difference between the two parts of that statute refer to whether the employer offers coverage at all. And that is the smaller amount. But it is a multiple of the number of workers, with some subtractions.

If the employer offers adequate insurance, then the only question is whether an employee got a premium tax credit who was entitled to it, despite the employer offer. And, in that case, the number of people who get the premium tax credit would be a multiple of the \$3,000.

Mr. WALBERG. Does the IRS have to offer the employer an opportunity to review and contest the determination prior to assessing the penalty.

Ms. INGRAM. As we put in our Q&As on the Web and have talked about publicly, the employer has very little ability to calculate that themselves because it requires knowledge of the 1040s and who got a premium tax credit. So we will provide a proposed bill for the employer, including the underlying information, and let them help us correct the data.

Mr. WALBERG. When does the correction take place? After the payment of the penalty?

Ms. INGRAM. No, sir. After we propose an amount and they can work with us on correcting any errors in that calculation, and then there would be a bill.

Mr. WALBERG. Okay.

I thank the chairman. I yield back.

Mr. JORDAN. I thank the gentleman.

I now recognize the gentleman from Wisconsin.

Mr. POCAN. Great. Thank you, Mr. Chairman.

And, Ms. Ingram, thank you very much for being here. I want to echo the comments of both people, and your patience has been tremendous.

I don't really know where to begin, so let me start with, are you of Libyan descent?

Ms. INGRAM. Not to my knowledge, sir.

Mr. POCAN. Have you ever lived in Libya?

Ms. INGRAM. No, sir.

Mr. POCAN. Have you ever traveled through Libya?

Ms. INGRAM. No, sir.

Mr. POCAN. All right. How about, on the zodiac, are you a Libra?

Ms. INGRAM. No, sir.

Mr. POCAN. Okay. You know, if you were at all involved with Benghazi, we would have hit the GOP trifecta: the IRS, the Affordable Care Act, and Benghazi. I mean, you would have made anyone who is frowning on the other side of the aisle just absolutely ecstatic. Unfortunately, I guess we don't have a trifecta today.

I guess what we do have is a Whac-A-Mole hearing. We are just going to keep pounding at different things, hoping we hit something.

And I think it has been pretty clear from people on this side of the aisle, Mr. Cartwright and our ranking member, but I just want to verify: You were not in charge, your job was not in charge of any targeting of Tea Party or progressive groups that this committee has discussed.

Ms. INGRAM. No. My functional assignments did not include any of that.

Mr. POCAN. Okay. And we have seen lots of emails with redacting. You are not in charge of redacting at the IRS, are you?

Ms. INGRAM. No, sir.

Mr. POCAN. Okay.

They brought up some financial donations to Presidential campaigns. Is your job at the IRS to oversee somehow financial donations?

Ms. INGRAM. No, sir.

Mr. POCAN. Okay.

They brought up your travel schedule a number of times, how many you were at the White House. I assume we are going to have some of the janitorial staff at the White House coming in pretty soon, too, because they have been there an awful lot.

How about—a number of areas we have brought up in the ACA you are not responsible for. Let's go to what specifically, I mean, you are here for, which is your supervision within the IRS of the Affordable Care Act.

Specifically, it has been 9 days into implementation. Have there been any problems specifically in your area with the IRS portion of the implementation of the Affordable Care Act?

Ms. INGRAM. We have successfully taken in and turned around all the requests that we have received from the hub. And as far as we can tell—and we are looking on a daily basis—it is operating well.

Mr. POCAN. Are there any areas based on, again, the oversight from your department that you see as potential areas that you are watching very closely that could have some issues?

Ms. INGRAM. Having to do with the supporting services that we are doing right now?

Mr. POCAN. Correct.

Ms. INGRAM. Well, we have two kinds of activities that I would refer you to in general, because I know about them in general.

One is looking at transactions on a sampling basis to keep reassuring ourselves they are working as intended and that when—not only in the testing phase, but also now that we are operational.

The other thing we are doing is that there are two parts of Safeguard work. One is before data is—agreements are approved, and the other is once data flows are operational, we go back out and do operational reviews of practices. And that operational review cycle has started this week.

Mr. POCAN. So just as a final, you know—ask the question again, just because it is what—“Examining the IRS’s Role in Implementing and Enforcing Obamacare,” what the headline of this is, as of 9 days now, we don’t have problems that you are aware of at this point in your responsibilities within the implementation of the Affordable Care Act?

Ms. INGRAM. The IRS team is very comfortable that things are operating well at the IRS.

Mr. POCAN. All right. That is great to hear.

Again, Ms. Ingram, we really appreciate your willingness to field a wide variety of questions, both relevant and, more often than not, not relevant.

And I just have to say one thing to the last committee member who said Democrats relish the shutdown. Actually, we are pretty disgusted by the shutdown.

You know, the fact that my small businesses can’t get SBA loans right now. About \$80 million went into my community last year. That is pretty disgusting, that they can’t, you know, grow jobs and grow the economy.

The fact that veterans may not get benefits because we are holding our breath right now in Congress is pretty disgusting to me.

The fact that Head Start kids in my district, including in Beloit, Wisconsin, where, the day after I was there visiting, a bullet went through their window—it is in a pretty tough neighborhood. The fact that they are going to not have funds is pretty disgusting.

The fact that I have so many Federal employees who are furloughed and aren’t working, I don’t relish that, and I am pretty disgusted by it.

And the fact that this country, it is costing \$160 million a day while we are in closedown is not something the Democrats relish.

And I just think that—I just want to clear the record. I don’t think there is a single person here who would say they relish the shutdown.

RPTS HUMISTON

DCMN SECKMAN

[11:35 a.m.]

Mr. WALBERG. Would the gentlemen yield?

Mr. POCAN. Sure.

Mr. WALBERG. Thank you. I thank the gentleman. Just to clarify, my comments about that relishing go to the leadership in the Senate as well as the White House, the President, who are unwilling and made it very clear they will not negotiate.

We have worked together to pass bills to deal with all of the things you mentioned. We passed them, sent them in a bipartisan fashion over to the Senate. It is time for us to stand together and ask the Senate and the President to show leadership and negotiate to a solution, and I want to see that as well.

Mr. POCAN. Sure. And all I would add to that, if I can, to respond—thank you, Mr. Chairman—is the fact that, you know, I believe—and I serve on the Budget Committee. For 6 months, we have been asking people, since March 23rd, when the Senate passed a budget, to sit down and have a conference. And when, at 20 minutes to midnight on September 30th, finally, the idea comes together to sit down, I don't know if the finger pointing goes to the Senate leadership or the President.

Mr. JORDAN. Thank the gentleman.

Now recognize the gentleman from Oklahoma, Mr. Lankford.

Mr. LANKFORD. Thank you, Ms. Ingram.

Thank you for being here. Give me a chance to walk through some questions. I want to talk to you about some of the process issues of the implementation on this.

Was the IRS ready to be able to implement the business mandate, the employer mandate, as far as tracking through penalties, tracking through whether they are covering employees? Were they prepared for that?

Ms. INGRAM. Because the transition relief mentions that we will be ready to take in information returns from anybody who would like to voluntarily try the—doing that in the transition year, the work is the same for us either way.

Mr. LANKFORD. Okay. So, right now, the IRS is fully prepared to be able to do what it needs to do? Obviously, you are taking in voluntary information now or you will in the months ahead—

Ms. INGRAM. No.

Mr. LANKFORD. So—

Ms. INGRAM. I am sorry.

Mr. LANKFORD. No. But I am saying the IRS was ready for it either way. The administration made the decision, business mandate, we are not going to do it this year, based on businesses were not ready to do that, insurance companies were not ready to do that, not because the IRS was not prepared?

Ms. INGRAM. That is right. But it is—it would have been 15 months away in any case before anything was being filed.

Mr. Lankford. Correct, because of the forms and such things coming out. Is the expectation from the IRS that, starting in 2015, let's go 2016, whatever year we've got full roll-out, that individual businesses will have to list or report individuals within their company that were offered qualified health plans during the course of the year and what months that they were offered those plans?

Ms. INGRAM. If the business is of a sufficient size, yes, sir.

Mr. LANKFORD. So if you're 50 or more, is that the size we're dealing with?

Ms. INGRAM. Roughly, yes.

Mr. LANKFORD. So if they're 50 or more, they're going to have to report, starting in 2015 or 2016, whatever year that may be when we're in full implementation, every individual that was offered qualified health insurance, the months that they were offered that?

Ms. INGRAM. Every full-time employee, per the statute.

Mr. LANKFORD. So, again, going back to the \$2,000 or \$3,000 penalty, you said that business really won't know that until the 1040s are in for the individuals. So there is an expectation that the business will report what individuals are there, if they were offered qualified health insurance. The 1040 from the individual will then show whether they got the subsidies. Those come together, and then, at some months later, it comes back to the business, you owe an additional amount of penalty because an employee of yours received a subsidy and was not eligible for that. Is that correct or not correct?

Ms. INGRAM. We would provide them with the results of that matching.

Mr. LANKFORD. How long do you think that would take?

Ms. INGRAM. There are a number of different ways that we might do it. We haven't settled on exactly how we would do it, but we have heard from the business community that it would be helpful to them to know relatively promptly.

Mr. LANKFORD. I would assume that is—that is the challenge, as far as business, to try and budget and plan for the next coming year to see how that—see how it works. If an individual starts receiving the subsidy, and I understand the subsidy is going to the insurance company, not the individual, I understand that; individual signs up, begins to get the premium supports, that goes to the insurance company to help provide for that, but the individual stops paying their portion. How long will it be before the IRS is notified that this individual has stopped paying their portion, whether they got a job and they just didn't call the insurance company, their new job provides insurance, or whether they just decided, you know what, I don't want to pay this anymore. How long will payments continue to move to that insurance company?

Ms. INGRAM. So the entire process for the setting of those credit payments and the process for what happens when somebody stops to pay or the insurance goes out of effect is all a process that goes on between HHS and the marketplaces and the insurance companies. The IRS is not involved in that.

The information the IRS receives is from the marketplaces, which will have the record of what amounts had been paid appropriately, which is based on—

Mr. LANKFORD. So is Treasury notified at some point to stop doing payments? They are notified by HHS; they're notified by IRS, or how are they notified?

Ms. INGRAM. They're not notified by IRS. We're not involved in the advance portion, but, yes—

Mr. LANKFORD. All right.

Ms. INGRAM. —the information will flow—is supposed to flow up and down, and I refer you to HHS on the specifics.

Mr. LANKFORD. Okay. Let me ask you this question as well. This \$2,000 fee, penalty, tax, whatever you want to call it, if an employer does not provide healthcare at all to an employee, if an em-

ployer provides full healthcare, everything, except some of the things on the preventative services list that's been identified by HHS, that penalty, if I'm reading this correctly, is \$36,500 per employee.

So it's \$2,000 if they provide nothing, but if they don't provide any one thing on the preventative list, but they provide everything else, it's \$100 a day. That's \$36,500. Is that correct or not correct?

Ms. INGRAM. I'm not entirely clear on what the second amount is that you're referencing.

Mr. LANKFORD. Well, there's a \$100-a-day penalty for not providing everything on the preventative services list, and that preventative services list is rather long for men, women and children; here are the things that have to be provided in your employer-provided healthcare.

So there's a lot of questions out there from a lot of employers that if they miss one of those or if, for religious reasons, they choose not to provide one of those, if they don't provide it at 100 percent coverage, paid for by the employer, they're not fined \$2,000; they're fined \$36,500. It's \$100 a day.

Ms. INGRAM. I'm going to have to take the question back for the lawyers, including the Justice Department.

Mr. LANKFORD. I would very much appreciate this, because this same question has been asked by multiple employers in my district. They can't get anyone at IRS to answer the question. They continually ask this question, is this really \$100 per day, per person? In fact, it's actually per person that is affected; it's not even per employee. So if that employee has children, their assumption is also \$36,500 per child as well. No one will give them an answer from IRS on what that penalty is and how it stacks up. All that they get is a stall from it.

And we've got to get some clarification, because there are an awful lot of businesses that are out there that do have a problem, whether for religious reasons or for other reasons, and if they miss one, that's a pretty big hit. That's no longer just a fee or a penalty; that's actually punitive, \$36,500 per person.

Ms. INGRAM. What I can say, sir, from the perspective of my planning, that's not in my current work plan to address that issue. So that doesn't necessarily answer your question, and I will take it back.

Mr. LANKFORD. We would—if we can get—any guess on timing when we get that, because they've asked for months for clarification on that? So can we get a time period when we might get an answer to that?

Ms. INGRAM. If it relates to matters that are in litigation, there are a number of places I have to stop to get the answer.

Mr. LANKFORD. So——

Ms. INGRAM. I'm sorry.

Mr. LANKFORD. So do they. Thank you.

I yield back.

Mr. JORDAN. The gentlelady from California is recognized.

Ms. SPEIER. Thank you, Mr. Chairman.

Ms. Ingram, thank you for your incredible service to our country for 31 years.



I am pretty disappointed in this hearing today, Mr. Chairman. We have a shut—a shutdown, we have 800,000 furloughed Federal employees. At the IRS, 90 percent of the staff have been furloughed. October 15th is the deadline for all tax returns to finally be submitted, and we are talking about Ms. Ingram, not how the IRS is going to process all the paper that is going to be coming in in the next week. Instead of having a hearing on the impact the shutdown on Federal employees and the public, the committee majority has decided to re-enact the movie “Groundhog Day”, holding yet another hearing to try and find political bias or wrongdoing by the administration; only this version of “Groundhog Day” isn’t funny at all.

The committee has decided to bully a civil servant with a long and distinguished career with the IRS. In fact, members of this committee on the other side have made their intentions clear, accusing Ms. Ingram of responsibility for a scandal and political bias they have not been able to prove.

Let’s be clear. Ms. Ingram is not a political appointee. She received the Distinguished Service Award from President George Bush in 2004. She was given the job of implementing the ACA precisely because she is competent and able to get the job done, a thankless task for sure.

So, Ms. Ingram, let’s go to your credentials. You have been a staff person within the IRS for 30 years. Is that correct?

Ms. INGRAM. Since late 1982.

Ms. SPEIER. And in 1982, you graduated from the distinguished law school at Georgetown, correct?

Ms. INGRAM. Yes, ma’am.

Ms. SPEIER. And you probably had the opportunity of going to K Street for the big bucks, but chose, rather, to support your country by joining the IRS. Is that correct?

Ms. INGRAM. Yes, ma’am.

Ms. SPEIER. And you’ve served in that capacity since the administration of President Reagan. Is that correct?

Ms. INGRAM. Yes, ma’am.

Ms. SPEIER. So every administration since then, Republican and Democrat, you have been in service to this country at the Internal Revenue Service?

Ms. INGRAM. Yes, ma’am.

Ms. SPEIER. It has been charged that you are responsible for targeting Tea Party organizations seeking tax-exempt status. In fact, Republican House Member Tim Griffin accused you of being: “directly in charge of this targeting.” He said this: “she provided horrendous customer service under her watch, and now she’s gonna do the same implementing Obamacare.”

Ms. Ingram, I want to give you a chance to respond to that attack. Were you directly in charge of targeting Tea Party groups?

Ms. INGRAM. No, ma’am.

Ms. SPEIER. Were you involved in any way, shape or form in targeting of Tea Party or other groups at the IRS?

Ms. INGRAM. No, ma’am.

Ms. SPEIER. So where would Mr. Griffin get that kind of flawed information?

Ms. INGRAM. I think the fact that on paper I was left on the prior position confused many people, and the fact that, in the spring of 2012, Steve Miller asked me to sit in on a few meetings and listen has caused some confusion for some people, but I had a more than full-time job at ACA starting in December of 2012 and only on an occasional basis performed particular tasks when requested by Mr. Miller, usually having nothing to do with EO.

Ms. SPEIER. It was December 2010, was it not?

Ms. INGRAM. I'm sorry. 2010, yes.

Ms. SPEIER. All right. So, in 2004, President George Bush awarded you the Nation's highest, I repeat, highest civil service award, the Distinguished Executive Presidential Rank Award. Is that correct?

Ms. INGRAM. Yes, ma'am.

Ms. SPEIER. And this award was for your outstanding tax law leadership and highly effective efforts to combat terrorism financing. Is that correct?

Ms. INGRAM. Yes, ma'am.

Ms. SPEIER. I think we have a picture of you with President Bush. Can we put that up? Probably hard to see where you are, but I've been told that you're right under the—

Chairman ISSA. Would the gentlelady yield? Is that the personal meeting that she had with the President? Who are those people that are watching that one-on-one personal meeting?

Ms. SPEIER. I didn't say it was a personal meeting.

Chairman ISSA. Oh. Okay. So—

Ms. SPEIER. I said she was being awarded this Distinguished Service Award, the highest civil service award that you can receive in national service.

Chairman ISSA. Were all the other people receiving the same award in that picture?

Ms. SPEIER. I am not sure.

Chairman ISSA. Well, the gentlelady's lawyers provided it. Maybe she could tell us. Were they all recipients?

Ms. INGRAM. Every year rough—somewhere, but—I believe my year, it was roughly 55 or 60 recipients.

Ms. SPEIER. Okay, 55 or 60 recipients out of how many members of the Federal employment, or is this within the IRS?

Ms. INGRAM. No, not just IRS.

Ms. SPEIER. So this was within the entire Federal employment of 800,000 people, there are 50 that are selected, and she was one of them. Is that correct?

Ms. INGRAM. This is an award given to a small number of people who are part of the Senior Executive Service. I don't have the exact number of the total Senior Executive Service in the Federal Government.

Ms. SPEIER. But it is an extraordinarily large number of people, and you were recognized as one of a handful of people who has done extraordinary work.

And while my time has expired, Mr. Chairman, I would like us to explore maybe in greater detail her work in combating terrorism financing, because we know that that is a profound, profound risk that we are dealing with in this country.

I yield back.

Mr. JORDAN. Thank the gentlelady.

We now recognize the gentleman from Arizona, Mr. Gosar.

Mr. GOSAR. Thank you, Mr. Chairman.

Ms. Ingram, you know, in my district in Arizona, my constituents are becoming increasingly concerned with the Federal Government's overreach and their ability to keep their personal information secure. In fact, earlier this year, the Environmental Protection Agency leaked personal information of hundreds of cattlemen and farmers in rural Arizona to special interest groups, which put their financial security at risk. Additionally, the IRS's political targeting of individuals earlier this year just underscores our constituents' skepticism.

Now, my question to you is, to implement the insurance exchanges, the IRS will have to share taxpayer information much more broadly than it ever has before. How do you plan to make this information fully protected and not misused?

Ms. INGRAM. Thank you, sir, for letting me clarify something that was said earlier this morning, and that is, when our information flows upon request of the applicant that it be provided, flows to the exchange or the Medicaid office, it is secured behind the scenes. It is not shown to anybody who is applying or who is assisting them or to the general employees in those two offices. It's a backroom data feed that is then mixed with other data available to the entity to come up with determinations that are then shared. And that is an arrangement that we worked out quite specifically to reduce the risk that unauthorized people might see the data.

Mr. GOSAR. You know, the administration has recently stated that the data hub is ready and finished in its security testing, yet there were all kinds of technical problems when the exchanges occurred last week. In fact, the Arizona Republic, the largest paper in my State, actually wrote, but despite years of planning, healthcare experts predicted some consumers may experience temporary setbacks when applying for coverage today through the new government-run Web site, healthcare.gov, and they were right. Some Arizonian residents discovered delays Tuesday when attempting to log on to healthcare.gov. The Web site made users wait to access the login page, siting a high volume of users on the nationwide exchange. Users in other States reported a similar problem.

Given these technical struggles, why should we have confidence in the IRS testing?

Ms. INGRAM. I'm sorry. If I could get clarification. On the IRS's testing of its own system or—

Mr. GOSAR. Yes.

Ms. INGRAM. —on the security of the data that's going out?

Mr. GOSAR. Yes. Why would we trust the IRS's testing on their security mechanism?

Ms. INGRAM. Well, the IRS historically has a very good track record about our own systems. Again, I would emphasize that when our data goes to the marketplaces and the Medicaid offices, it does not interface with the Web site, which I believe is what you were discussing, if I was listening correctly.

Mr. GOSAR. Yes. So when—let me give you a follow up. When did the IRS finish its testings of Obamacare data hub prior to October 1st? When did it?

Ms. INGRAM. I have to take back the question of exactly when, but testing continue—various types of testing went on all year.

Mr. GOSAR. And that was one of the many comments—that the IRS has functioned very, very well in what they've been asked to do. Can you tell me how many inquiries they actually—you actually processed from the IRS's aspect to date?

Ms. INGRAM. So remember these are inquiries for data, not enrollments. So I would want to be very clear that those are two different things, but we have—

Mr. GOSAR. But they're tied to enrollment?

Ms. INGRAM. Well, they're—

Mr. GOSAR. In order to fully enroll, you have to go—

Ms. INGRAM. If you want financial assistance—

Mr. GOSAR. Yes.

Ms. INGRAM. —then you—they have to ask us if it's—if it's a marketplace, they must, by statute, ask us for the data. If it's a Medicaid office, it's optional under the statute—

Mr. GOSAR. So how—

Ms. INGRAM. —however, in total, to date, we've processed several hundred thousand requests.

Mr. GOSAR. Okay. From all over the country?

Ms. INGRAM. From all over the country.

Mr. GOSAR. Okay. Now, at a hearing before this committee in July, Alan Duncan, the assistant inspector general for the audit at the Treasury inspector for the tax administration said that TIGTA was concerned with lack of adequate testing that could result in significant delays, errors in accepting and processing ACA applications for healthcare insurance. Despite having 3 and a half years to prepare for these exchanges, the Web—for the Web site launch, was there adequate time to test the system, to your knowledge?

Ms. INGRAM. We're very comfortable that any of the testing that was about our systems or our interface with the data hub, we would not have turned on if we were not comfortable.

Mr. GOSAR. I'm going to end with one real quick question. I'm—I'm amazed at your detail. You're a very detail oriented person, are you not?

Ms. INGRAM. It depends on the topic, sir.

Mr. GOSAR. Well, I'm a dentist, so I'm very detail oriented. I'm amazed at your detail and your familiarity with what I saw on these email tracks. I suspect with your dialogue back and forth, you do know who—what's below 6103, do you not?

Ms. INGRAM. I see hundreds of emails a day for most of my career. I cannot remember what is in a particular one.

Mr. GOSAR. And—but your recollection in regards to the discussion back into this committee was very astute to specifics within that documentation of email. You know who's below 6103, do you not?

Ms. INGRAM. I do not know who's below those blocks.

Mr. GOSAR. Okay.

Thank you very much. Mr. Chairman.

Mr. JORDAN. The gentleman from Nevada is recognized.

Mr. HORSFORD. Thank you, Ms. Ingram, for appearing before our committee today. I understand that the IRS had a number of important steps that it needed to take in preparation for the October 1st deadline that made the healthcare.gov Web site operational. In addition to getting the technology ready so that the IRS could share the data required to determine eligibility for premium tax credits, the IRS also had to ensure that the exchange of information would protect the privacy of taxpayer information.

So I want to ask, you are one of four senior executives at the IRS who run different parts of the implementation of the Affordable Care Act, and you're one of them, correct?

Ms. INGRAM. Yes. I'm one of four principal ones, but there are people all over the IRS.

Mr. HORSFORD. And out of the four executives, one of those executives is responsible for getting the technology operational and another is responsible for ensuring that the taxpayer information remains protected. Is that correct?

Ms. INGRAM. Yes.

Mr. HORSFORD. So Ranking Member Cummings asked the chairman to invite your counterparts at the IRS to attend this hearing today to testify as to their responsibilities, but the chairman declined that request. He also apparently directed them not to attend the hearing or even sit behind you in case questions came up. Nonetheless, I have questions, and I'm just going to forge ahead and hope that you can answer some of them.

First, the ACA requires the IRS, HHS and other Federal agencies to share taxpayer information. Can you explain why that data sharing is necessary?

Ms. INGRAM. My understanding, but I—my understanding is that the reason that the IRS was put into that process of the enrollment process was to provide a data foundation for most recently filed tax returns to start the conversation at the—at the marketplace about what the best prediction of the following year's income would be, but the statute also contemplates that marketplaces would have—might have multiple sources of income data and also take into account what the individual says. All of—all we have—are required to do is when asked, provide the limited data points.

Mr. HORSFORD. So given the different agencies involved, what measures has the IRS implemented to ensure that taxpayer information is protected?

Ms. INGRAM. Well, I'm going to stay very high level, and if there are more detailed questions, I will have to take them back and would be glad to provide the committee with more detail.

In general, the IRS has a safeguarding program that has been around for decades and does—does and oversees agreements having nothing to do with ACA with over 300 or something State and Federal entities, and that program was brought as it—as normal to a new data sharing mandate in the statute. And in addition, I understand the safeguards people were involved in conversations with HHS and the states very early on to ensure that what they needed to see before they certified would be in place, a lot of educational stuff, helping them build stuff into the design of their systems, onsite visits, whatever, but for—there's a whole lot of stuff,

and further detail, I would prefer to take the question back to get a fuller response or something.

Mr. HORSFORD. On one of my other committees, the Cyber Security Subcommittee of Homeland Security, we've learned that the data hub will not actually store information but, instead, will essentially be a pass-through that routes information to authorized users. Is that correct?

Ms. INGRAM. That's right. Think of it as an envelope being carried by a mailman.

Mr. HORSFORD. So will the applicant or the person on the other end of the computer screen be able to see the taxpayer's information, or do they just get a ruling on eligibility of income?

Ms. INGRAM. The agreement that we insisted on for anybody receiving this data was that the tax data would not be displayed. Exactly—and we have looked at how the Web sites at the recipient level are being built in order to assure ourselves of that. I can't answer the question of whether—there's a variety of how the bottom line determination is communicated on the screen.

Mr. HORSFORD. Are there—

Ms. INGRAM. It's—

Mr. HORSFORD. —criminal penalties for the misuse or wrongful disclosure of personal tax information in regards to the ACA?

Ms. INGRAM. My understanding is that the tax safeguards, including sanctions, travel with the data, so whoever receives that data is subject to the same provisions.

Mr. HORSFORD. So there are civil and criminal—

Ms. INGRAM. Yes.

Mr. HORSFORD. —penalties for—

Ms. INGRAM. Yes.

Mr. HORSFORD. —misusing.

So, Mr. Chairman, I'll conclude by just saying that I hope that members on the other side will avoid reckless and, in my opinion, irresponsible assertions that personal information will be compromised under the Affordable Care Act. Just as current tax law requires, individual and corporations share this information with the IRS every day, and there are professionals at the IRS who handle this information with the care and caution that they should each and every day, and if they fail to do so, there are criminal and civil penalties that they can be held against them for any breach of that information.

Chairman ISSA. Would the gentleman yield?

Mr. HORSFORD. No. I'd like to conclude my comment. And so the point I'd like to make is that it's irresponsible and reckless to somehow suggest that this personal information is going to be compromised. You all file your tax returns every year. It's information that these professionals handle with care. And we need to not raise these alarmist concerns when the data doesn't support the assertion.

I yield back my time.

Mr. JORDAN. Yeah. I would just say this. We don't know that it will be compromised. What we do know is that someone at the IRS thought it already was.

And I yield to the gentleman from North Carolina.

Mr. MCHENRY. I thank the gentleman for making that important point. I appreciate my colleague going very far out on the line to pledge to the American people that their personal data will not be breached, and I hope the gentleman's right. I hope the gentleman's right, but I fear that it is not going to be right.

The question with data security is a very major one for—not just for government, but private corporations in America and around the globe. The question of data security is a complex one, obviously, and it's oftentimes not a question of if you'll have a data breach, but when, and the depth and the breadth of that data breach.

Chairman ISSA. Would the gentleman yield for just a question?

Mr. MCHENRY. Sure.

Chairman ISSA. I thank the gentleman.

You know, the other gentleman wouldn't—wouldn't yield, but, you know, I couldn't help but remember the National Organization for Marriage that saw their donors list released by the IRS, and the answer was it was inadvertent. And my understanding is no civil or criminal penalties occurred; nobody was punished for inadvertently releasing and then those contributors being contacted and harassed. I thank the gentleman for yielding.

Mr. MCHENRY. Thanks.

You know, recent media reports reveal that the health insurance exchanges, I mean, for—the words I get from my constituents about how long it takes to first log on to even get a Web site available so they can log on—I tried for 3 days to actually get to a log-on page and was unsuccessful. But once they get in, there—there's a concern about whether or not the rates and the subsidy amount are correct. Do you have concerns about that?

Ms. INGRAM. The IRS does not have a role in that part of the operation, so I'd have to refer you to HHS.

Mr. MCHENRY. So, in terms of the subsidy amounts, you would not have any role?

Ms. INGRAM. Whether our responses when we are queried are correct, I have a high confidence level. I don't know exactly what part of the—

Mr. MCHENRY. Does the IRS—

Ms. INGRAM. —is being referred to.

Mr. MCHENRY. Does the IRS calculate the subsidy amount?

Ms. INGRAM. We offer a service that the marketplaces are not required to use to, based on anonymous inputs, do a math calculation as a service. That's all we do.

Mr. MCHENRY. Oh, you don't—you have—so, in my State in North Carolina, we're under the Federal exchange because we chose to not create one at the State level. So the calculations that they're receiving, my constituents are receiving, after they log on and give all their personal identifying information, the IRS has no role in that?

Ms. INGRAM. I believe that the Federal exchange is using our computation service.

Mr. MCHENRY. Oh, so you are involved—

Ms. INGRAM. But we are not—we get anonymous set of data points, provide the math and give it back. We're not part of either the citizen selection of how much of that they want to take or how that interacts with the actual premiums on the policy they select.

So I just want to be clear about what part we do and what happens after we respond.

Mr. MCHENRY. Okay. So—all right. So—so if you're saying you're not involved, it sounds like you are somewhat involved in this.

Ms. INGRAM. I don't under—I don't—I'm not familiar with what part of what you are discussing is not working, so I can't speak to whether our part—

Mr. MCHENRY. Okay.

Well, then—then let me just give you a few stories—

Ms. INGRAM. Okay.

Mr. MCHENRY. —as a result, because I—I—

Ms. INGRAM. Okay.

Mr. MCHENRY. I didn't find that—your answer in any way satisfying, but there—here are the stories from my constituents. Michael from Conover waited for hours to first log on, and then it took him hours to set up an account on the Federal exchange and, then, unfortunately, with the repairs over the weekend, saw it deleted, so he had to start over again this week.

Mike from Hickory saw his premiums rise from \$388 to \$650.

Phil from Forest City saw an increase, even though the policy was unchanged, saw an increase of 42 percent; Phil from Forest City. And he's determined that the policy may actually be worse than it was previously.

Erica and her three kids saw their premiums rise from \$481 to \$847.

Matthew from Ashville saw his premiums rise 285 percent.

Curtis from Shelby saw his premiums double from—essentially double from \$549 to \$1,077.

So, when people talk about Obamacare and all the rhetoric here in Washington and what we see out of the IRS and implementation here, I'm more concerned about the families that are impacted in my district. We don't—we want people to have access to affordable health insurance, but these rates are simply not affordable, and the fact that the IRS is a huge implementing agency does not actually give my constituents any great deal of reassurance about the Federal role here.

And so, with that, I yield back.

Chairman ISSA. [Presiding.] I thank the gentleman.

Recognize the gentleman from Illinois, Mr. Davis.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Under the Affordable Care Act, the Federal Government—

Chairman ISSA. Would the gentleman turn his mic on, perhaps?

Mr. DAVIS. I think I just turned it off rather than on. Thank you very much.

And let me thank our witness for being here.

Ms. Ingram, under the Affordable Care Act, the Federal Government, State governments, insurers, employers and individuals are given shared responsibility to improve the availability, quality and affordability of health insurance coverage in the United States.

Starting in 2015, the individual share of responsibility provision calls for each individual to have minimum essential health coverage. Individuals will report on their tax returns whether or not they have health insurance in 2014.



Let me ask you this: Suppose I have employer-provided insurance that I have enjoyed for over 5 years. I like my coverage. I have no desire to change my coverage. When I file my taxes, will it be easy as checking a box on the form to say that I have employer coverage and am therefore in compliance with the requirement?

Ms. INGRAM. Like most Americans, you'll be able to just check a box.

Mr. DAVIS. So, many individuals in the United States have health coverage today that would count as minimum essential coverage and will not need to do anything more than continue the coverage that they have. For those who do not have coverage, who anticipate discontinuing coverage or who want to explore more affordable options, the health insurance marketplace has opened this month for every State and the District of Columbia. Can you explain what qualifies as minimum coverage?

Ms. INGRAM. If somebody does not have employer coverage or does not have coverage through a government program, like the Veteran's Administration or Medicaid or Medicare and—I would suggest they do two things. I would suggest they check out the marketplace that they have access to, depending on where they live, what kind of marketplace that is, and see whether something there works.

I think the other thing that is worth noting is that there are a series of exemptions from the individual shared responsibility requirement, and before somebody worries about paying a penalty, they ought to—I would recommend they try to have insurance to hedge their personal economic liabilities and also to check out, if they cannot do that, make sure they understand the exemptions. And the information that's on our Web and as part of our continuing education process reaching out to people through lots of channels, and in our work with HHS in their operations and materials, we want to make sure people understand those three pieces. If they have something now, they're fine. If they want to access something, here's some opportunities. If they meet one of the exemptions, then they should consider—they should still consider having insurance, but they should understand that. And only the very small number of people, according to the CBO, who need to worry about the penalty, they'll have what they need to meet their obligations on their return.

Mr. DAVIS. And let me ask you. If an individual receives their insurance through their spouse's employer, are they considered to have minimum coverage?

Ms. INGRAM. Insurance is insurance no matter where you get it.

Mr. DAVIS. Thank you very much. And—

Mr. CUMMINGS. Will the gentleman yield?

Mr. DAVIS. Yes.

Mr. CUMMINGS. The—let me ask you, when you—you talk a lot about education and how important it is in this first stage to do that. Can you just tell us what role you all play with regard to educating?

Ms. INGRAM. Certainly. We've—we've approached the education path in a number of time periods. And certainly for 2013, a great deal of the cross-Federal agency education has had to do with the

opening of the marketplaces, but we have worked closely with our colleagues to make sure that any discussions about tax provisions and tax rules were correctly and accurately portrayed in their materials or their Web sites or their public presentations, and we have partnered with the Small Business Administration and HHS on a number of outreach events, including tax practitioner forms, Chamber of—local Chamber of Commerce events, and Webinars since we’ve been leveraging the Webinar format.

As we go into 2014 and certainly as we approach the 2015 filing season, a great deal of the education is specifically about tax provisions and specifically about the tax returns that would be filed in early 2015, and so the focus shifts over time about which pieces of topic and which avenues of outreach and the volume of educational efforts. So it evolves over time. I just want to be clear, there are phases.

Chairman ISSA. Okay. The gentleman’s time has expired.

We now go to the gentleman from Tennessee, Mr. DesJarlais.

Mr. DESJARLAIS. Thank you, Mr. Chairman.

Thank you, Ms. Ingram, for being here today. I want to ask you some questions about to the healthcare exchanges, but first if you would indulge me for a second. We’ve had a lot of our colleagues on the other side of the aisle praising your service and defending your integrity at the IRS, and I—I’m not sure I have any reason to doubt that. I don’t know you very well.

Do you believe, just as an American—I know you’ve worked for the IRS for 31 years, you’re probably proud of the organization that you work for and serve. Do you believe that Tea Party groups were indeed targeted?

Ms. INGRAM. From what I understand at this point, and I have not followed all of the discussions or certainly not the press and so forth, I am—I do not ever think it is okay to use people’s political viewpoints in the managing of inventory in the tax agency. I am not familiar enough with exactly what had happened, but when I sat in on a meeting in the spring of 2012 and when I skimmed the TIGTA report this past spring, I was upset at the way activities were described.

Mr. DESJARLAIS. So you think it’s appropriate, then, that this committee continue to pursue investigation and find out who is responsible, if this indeed happened?

Ms. INGRAM. I would never voice an opinion about the prerogatives of this committee, sir.

Mr. DESJARLAIS. Okay. Well, that’s probably fair. But nonetheless, it seems like we’re under fire today for wanting to get answers for people for just what you said; it’s never right for the IRS to target anyone for political reasons. President spoke out against it. Now it’s being called a phony scandal. Do you think it’s a phony scandal, or do you think it warrants further investigation, as an American?

Ms. INGRAM. Sir, I don’t personally engage in the public debates either about investigations or—

Mr. DESJARLAIS. Do you have an opinion?

Ms. INGRAM. Over my career, when there have been any questions or allegations about something not going right and particularly if there is a whiff of any kind of personal bias, which I have

not heard, but any concerns about allegations about the appropriate handling of cases, I have always thought that TIGTA was the appropriate place for me to turn to ask them to look into things, and I understand that they are part of this process.

Mr. DESJARLAIS. Okay. Well, let's talk about some of the problems that we're encountering with the roll-out of the healthcare exchanges.

I'd like to ask unanimous consent to enter a Wall Street Journal article, dated September 19th, 2013, into the record, "Pricing Glitches Affect Rollout of Online Health Exchanges."

Chairman ISSA. Without objection, so ordered.

Mr. DESJARLAIS. This article references the fact that less than 2 weeks before the launch of insurance marketplaces created by the Federal health overhaul, the government software can't reliably determine how much people need to pay for their coverage, according to health insurance executives and people familiar with the program. Four people familiar with the development of the software that determines how much people would pay for subsidized coverage on federally run exchanges said it is still miscalculating prices. Test calculators initially scheduled to begin months ago only started this week at some insurers, and there was a statement that there's a blanket acknowledgement that rates are being calculated incorrectly. According to a senior health executive, who didn't want to be named, said, Our tech operations—our tech and operations people are very concerned about the problems they are seeing and the potential of them to stick around.

So, according to the GAO, the Federal Government spent \$400 million to develop the Federal exchange data hub. After 3 and a half years and \$400 million, why did the Web site fail so dramatically last week?

Ms. INGRAM. The IRS isn't part of any of those activities, sir. I'm sorry.

Mr. DESJARLAIS. Okay. Are there any plans to provide relief from the individual mandate for individuals who are unable to access the Federal exchange and obtain minimal coverage or essential coverage?

Ms. INGRAM. I would posit that it's a little early to even have that conversation.

Mr. DESJARLAIS. Well, let me ask this. Do you think that you could have been better prepared to implement all of this if you had another year?

Ms. INGRAM. The IRS? No.

Mr. DESJARLAIS. Do you think everything's as good as it's going to get right now?

Ms. INGRAM. I think the IRS—the responsibilities that were assigned to the IRS, we planned, we built, we turned it on, and it's working.

Mr. DESJARLAIS. What will you do to people who can't pay their portion? If you subsidize a family, say an average family of four that gets \$5,000 and they have to pay, let's say, \$5,000, what if they can't pay that? What are you going to do to them punitively?

Ms. INGRAM. What is—the only thing that is of interest to the IRS in administering the individual responsibility payment is which months that family has insurance in effect. We are—we're

not directly involved in whether the individual is behind on their payments to the insurance company. What we get told is which months are their insurance in effect, and that's the only question that's relevant for us.

Mr. DESJARLAIS. Does that determine the penalty that they pay or the extra taxes that they pay?

Ms. INGRAM. That's the underlying piece of data that goes into that calculation.

Mr. DESJARLAIS. Okay.

Chairman ISSA. I thank the gentleman.

We now go to the gentlelady from New Mexico for 5 minutes.

Ms. LUJAN GRISHAM. Thank you, Mr. Chairman.

And thank you very, Ms.—Ms. Ingram. I'm going to focus on the Affordable Care Act components and some of the statements about implementation made by my colleagues.

Today, every Federal employee that is furloughed or government program that is disrupted as a result the government shutdown is a casualty in my colleagues on the other side of the aisle's effort or their war to kill the Affordable Care Act and prevent millions of Americans from signing up for affordable healthcare insurance. And today I've listened to the focus really on the HHS component of the Web design and whether or not people can get on.

And I'm just going to go back to a couple other issues. One, while I wasn't here in Congress, I'm clear that there had been several congressional mandates and significant, in the billions, appropriations to both DOD and VA. And as part of those investments, they're required to share information that would address the backlog. They're supposed to do electronic medical records. And they have not and, as far as I know, are really nowhere close to getting that resolved, but I've not seen this sort of effort to repeal or pull back any efforts to make sure that you're assisting veterans in that regard.

As part of the stimulus package in 2009, all public and private healthcare providers have to adopt electronic—electronic medical records if they're going to participate in Medicare and Medicaid, and that is virtually every healthcare provider, and they have to do that by 2014. And, in fact, if hospitals don't do that, as an example, they will be penalized in 2015.

And I can tell you that as recent—as a new Congress Member having to navigate my healthcare from my district in Albuquerque and here, I still had to go get a hard copy, if you will, of an x-ray to get it here, despite these mandates and the incentive payments made available to these healthcare providers to be able to share electronic medical information and to provide it to me. So, like the Forbes article, I can be in a third world country and access my bank records, but I still can't get an electronic medical record or my personal medical records.

The point being—one more, maybe. Medicare, the enrollment for Medicare Part D was a nightmare. I was running the Department on Aging in New Mexico, and I got hundreds of phone calls a week from seniors who were dismayed, who were upset, who couldn't figure out which plan that they had to enroll in. They got limited enrollment phases. It was difficult to enroll. They got kicked off. They picked a plan; then that plan changed their formulary, so the drugs

that they needed were not on. Folks that were getting benefits from their States and their Medigap plans were dropped from those benefits. It was really awful.

And the big complaint still is the donut hole, which is now being addressed in the Affordable Care Act. Point being, we ought to repeal Medicare Part D. Enrollment is tough, and I expect that this committee and others will make sure that the IRS and HHS get their jobs done, do it well, and that we ask you what we can do to assist in the best possible implementation and to deal with all of the glitches that have been identified to date and make sure that the millions of people who have attempted to enroll can enroll.

And so my last, with just—because I've made a statement that's way too long trying to make sure that this anomaly that my colleagues identify with just the Affordable Care Act exists in almost every large reform that we have done, but I have seen no effort to pull back and repeal.

Is it your understanding typically that most Americans are happy when they know they can get a tax credit of any kind?

Ms. INGRAM. Yes.

Ms. LUJAN GRISHAM. And when they're applying for those tax credits, that they're pretty effective at figuring them out and contacting you or their accountants and getting whatever help, or going even to AARP to make sure that they get their access to that credit or that subsidy?

Ms. INGRAM. We try to make sure that everybody knows what obligations and what benefits they may be eligible for. And we try to equip them and their advisors to make that process as easy as we can, just like the rest of the tax return, that we make a similar effort.

Mr. DESJARLAIS. Will the gentlelady yield?

Ms. LUJAN GRISHAM. I will.

Mr. DESJARLAIS. Do the taxpayers ever see any of that subsidy, or does it go directly to the insurance companies?

Ms. INGRAM. There are two ways the taxpayer can access the assistance. If they need help meeting their premiums on a month-to-month basis as they go along, then they may find the advance payments convenient. Those payments go to the insurance company, and they are billed by the insurance company only for the balance. If for some reason somebody thinks from whatever source that they can make their payments themselves, there's also an opportunity to—if they qualify when they file their return, to ask for the credit at that point. It'll depend on someone's personal economic decision which way they want to do it.

Mr. DESJARLAIS. I thank the gentlelady for yielding.

Ms. LUJAN GRISHAM. Absolutely.

Mr. Chairman, with your—thank you—permission, I'll just—and I'll be brief.

And so given that, and recognizing that the benefit will go towards the premium, but now my premium's reduced, and I ran the high-risk pool, so in the State, we were one of the only States, maybe the only State, that provides a low-income tax premium benefit to individuals with pre-existing conditions today who couldn't otherwise afford insurance, my experience was they were

genuinely happy about paying less for their premium regardless of the effort to make that happen.

Is that what you expect to occur by those Americans, and—and thousands of New Mexicans, who will have access to that benefit under the Affordable Care Act?

Ms. INGRAM. We understand that one—that the principal purpose of the credit is to make it possible for people to get insurance who couldn't otherwise afford it.

Ms. LUJAN GRISHAM. Thank you.

I yield back.

Chairman ISSA. I thank the gentlelady.

We now go to the gentleman from South Carolina, Mr. Gowdy.

Mr. GOWDY. Thank you, Mr. Chairman.

Good afternoon, Ms. Ingram.

What is the legal authority by which a President can sua sponte decide to enforce or not enforce certain provisions of a law?

Ms. INGRAM. I'm not in the—in the group of people who analyze the legal underpinnings of that, but it is—I will say as an administrator, it is not uncommon when there are large, new, particularly information reporting related things.

Mr. GOWDY. I'm actually asking for the legal basis. Can you cite a case?

Ms. INGRAM. I'm probably the wrong person. I understand—

Mr. GOWDY. Well, you're an attorney.

Ms. INGRAM. There has been—but I have not done the analysis in these cases.

Mr. GOWDY. Well—

Ms. INGRAM. I haven't—

Mr. GOWDY. Let's simplify the analysis. Can a President unilaterally increase a fine that Congress set?

Ms. INGRAM. I'm sorry. I'm confused by—

Mr. GOWDY. It's not a—

Ms. INGRAM. —the question.

Mr. GOWDY. It's not a trick question. Can any chief executive unilaterally increase a fine or a statutory maximum?

Ms. INGRAM. I don't know of any example of that.

Mr. GOWDY. So the answer would be no.

Ms. INGRAM. I hesitate to respond for all of the agencies and all of the statutes on the books.

Mr. GOWDY. Just, despite the fact that I'm a lawyer, too, I'm going to say, trust me. The answer to that question is no. You can't. You can't decide that we think the maximum for burglary should be life instead of 30 years, so we're going to sentence somebody to 40 years. You can't do that.

Ms. INGRAM. Right. I understand, sir.

Mr. GOWDY. All right. And you would also agree a President cannot unilaterally suspend a mandatory minimum. If the law says you have to spend 5 years in prison for a 924(c) violation, the President can't just decide he doesn't like that law and suspend it. Correct?

Ms. INGRAM. Again, I—

Mr. GOWDY. Again, it's not a trick question. It's not even a legal question. It's more of a civics question.

Ms. INGRAM. I'm trying to get my head around the parameters.

Chairman ISSA. Mr. Gowdy—Mr. Gowdy, would you let a layperson intersect for a moment?

Mr. GOWDY. If the gentleman would be gracious enough to toll my time.

Chairman ISSA. I'll do my best.

Mr. GOWDY. Thank you.

Chairman ISSA. As a layperson—

Ms. INGRAM. Yes. Thank you.

Chairman ISSA. —in your 31 years at the IRS, have you ever looked at the letter of the law on which you are executing IRS requirements and then seen an executive order that is inconsistent with that and gone with the executive order? In other words, do you ever consider, as a lawyer and as a 31-year professional, that the President can usurp IRS law or regulation through executive order? I didn't say, fill in the gaps. I said usurp, go—contravene existing law.

Ms. INGRAM. Would the chairman indulge me in taking that in two parts?

Chairman ISSA. That would be the gentleman from South Carolina's decision.

Mr. GOWDY. My time is being tolled.

Chairman ISSA. Not anymore. I'm done.

Mr. GOWDY. Well—

Ms. INGRAM. May—may I respond?

Mr. GOWDY. You—you may.

Ms. INGRAM. Thank you. The executive order President part, I don't understand in the question, but let me put that aside.

I will say it is not uncommon in my 31 years, particularly when a statute is new or particularly when the constituency is having logistical, operational problems meeting their obligation under a statute, that the IRS has given people either additional time, an additional year, or tried to tailor, on a temporary basis, what people have to do with that statute.

Mr. GOWDY. And my question is—

Ms. INGRAM. It's not uncommon.

Mr. GOWDY. —what is the legal basis for that? What is the legal basis—have you ever seen an instance when an executive unilaterally increased the marginal tax rate?

Ms. INGRAM. No. In—increase? No.

Mr. GOWDY. So you will agree that there are certain categories where the executive can't change the law even if the executive may not agree with the law?

Ms. INGRAM. It's never a question of whether we agree with the law. The law—that's not relevant to the decision. The question is, particularly in the information reporting area, that—

Mr. GOWDY. I'm not talking about information reporting. I'm talking about a statute passed by Congress. And I want the legal authority by which an executive can decide which portions of that law he or she wants to enforce and which provisions of that law that executive sua sponte decides not to enforce.

Ms. INGRAM. If there is any variation from the bare letter of the statute, it is never a single person and it is—always includes legal analysis by someone, not me.

Mr. GOWDY. Well, the most recent legal analysis from the Department of Justice is only if a—an executive believes that a law is unconstitutional, i.e., DOMA, can he or she refuse to enforce it.

I want to read an exchange to you back when the President from time to time did get difficult questions from the media, so let's go—we're going to go back a while, but I want to read an exchange where he was asked this question: People question your legal and constitutional authority to delay the employer mandate. Did you consult with your lawyer?

And this was the President's response: If you heard me on stage today, what I said was I will seize any opportunity I can to work with Congress to strengthen the middle class, improve their prospects, improve their security, but where Congress is unwilling to act, I will take whatever administrative steps I can in order to do right by the American people.

I did not hear a legal authority for suspending the law. I heard a political justification. Did you hear a legal authority in his response?

Ms. INGRAM. I don't know anything about his response, sir.

Mr. GOWDY. Well, I just read it to you.

Ms. INGRAM. Yes.

Mr. GOWDY. Did you hear a legal justification for suspending certain provisions of the law?

Ms. INGRAM. I only heard what you read. It speaks for itself. I can't really interpret it.

Mr. GOWDY. Can you cite me a legal justification for determining which portions of a law you want to summarily turn off and turn on?

Ms. INGRAM. I—I'm not familiar with anything in the way that we administer the Tax Code where we would be changing things in the way that you previously mentioned, changing a tax rate, increasing a tax amount, reducing a tax amount.

The situations in which I've been involved, both in ACA and prior to ACA over the years, have had to do with taking into account requests from the community who need more time or more logistical help in meeting their obligations under—

Mr. GOWDY. So your testimony is there is no provision of the ACA, which was passed by Congress, that is not being implemented precisely as it was passed by Congress? Is that your testimony?

Ms. INGRAM. As we understand it to be passed by Congress.

Mr. GOWDY. What does that mean, "as we understand it"?

Ms. INGRAM. I—

Mr. GOWDY. Have—have you failed to meet any deadlines? Has any portion of the ACA as passed not been implemented on the timetable under which it was passed?

Chairman ISSA. The gentleman's time has expired. The gentlelady may answer.

Ms. INGRAM. Thank you, Mr. Chairman.

There are several provisions where at the request of the taxpayer community, we have taken into account their need to have a delayed phase-in of provisions passed by Congress. I would point you to the W-2 provisions, which were logistical, administer-ability requests from the community, and the information filing require-



ments for employers and insurers were based on extensive and persuasive requests from them that they needed more time to arrange their data and build their systems. The actual employer tax can't be figured out without some of that reporting.

Mr. GOWDY. Mr. Chairman, I would ask unanimous consent to ask just one more question, because something in her response prompted another question.

Chairman ISSA. Without objection, so ordered.

Mr. GOWDY. You said you had heard from the taxpayer community. I'm not familiar with that entity in our—in our tripartite branch of government. How about Congress? My question is, what is the role of Congress when the executive decides he or she wants to sua sponte not enforce a provision of the law heretofore passed? Not the taxpayer community. What's the role of Congress?

Ms. INGRAM. Congress from time to time will enact statutes, with due respect to this body, that the community tells us are difficult to administer on that exact time frame. We try to listen to the community. We do not always do what they ask, but where it's reasonable to us and we think that it's a temporary accommodation and does not do lasting damage to the actual enactment of Congress and the ongoing implementation and phase-in of the law, we will take their views into consideration. And we take very seriously our obligation to listen to that community as part of our job.

Mr. GOWDY. Mr. Chairman, I'm out of time.

Chairman ISSA. Yes.

Mr. GOWDY. I just find it stunning, I literally found that answer stunning, and it's hard to stun me, that—that a—that an executive branch entity would not enforce the law because some constituency group decided it was hard to implement it. That is not the way this works. Either Congress changes it, or you live with the consequences of it. But can you imagine the community just deciding they didn't like some other provision of our criminal code being enforced? Can you imagine that, Mr. Chairman? I just found that response—

Chairman ISSA. Mr. —

Mr. GOWDY. —stunning—

Chairman ISSA. Mr. Gowdy—

Mr. GOWDY. —but I'm out of time.

Chairman ISSA. Mr. Gowdy, you are out of time.

And I guess one of the problems is that unions, large companies are a community, and the individual taxpayers apparently not getting a delay when they can't even get on the Web site are not a community.

With that, we go to the gentlelady from Illinois, Ms. Duckworth.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

I have great concerns about the data-sharing network that was created by the Department of Health and Human Services that just became operational a few days ago.

Ms. Ingram, I understand that you don't run this data sharing network and that its head does not report to you. Is that correct?

Ms. INGRAM. That's right.

Ms. DUCKWORTH. Thank you. I wish we could have those folks here so we could actually ask them some questions about how that program is running.

With that, I yield my time to the ranking member.

Mr. CUMMINGS. Thank you very much.

You know, I was just listening to your exchange with Mr. Gowdy, and I—you know, I guess I'm—I'm—I hear all the complaints about IRS. And I remember when I practiced law, one time I was audited for 5 years in a row. I mean, at one time. And it was——

Chairman ISSA. Will the gentleman suspend for a second?

I ask unanimous consent that the remaining time be fully yielded to the gentleman. You're now recognized for the remaining time. She can't actually yield and then leave under the rules.

Mr. CUMMINGS. All right.

Chairman ISSA. So it's now your—your time.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

And I represented a number of people, and they—when they got a notice of audit from the IRS or they got certain letters from the IRS, they base—would get very upset and very nervous. And I was listening to what you just said, and it sounds like you're talking about a situation where sometimes it can be an IRS that may try to work with folk, the community, as you call them, to show some consideration. Is that—is that what you're trying to say? I mean——

Ms. INGRAM. Yeah. I'm trying to distinguish between whether somebody likes or doesn't like a law, which is irrelevant to our work, but whether there are logistical, practical problems with people's ability to do the mechanics of what they need to do, and I would just like to distinguish those two points.

Mr. CUMMINGS. Yeah. You know, you—I guess sometimes you're damned if you do and damned if you don't. We've heard a lot about IRS, and certainly we've had some bad actors, and, you know—and I know that Members have applauded you for what you've done, but the word on the street is that you're a superstar. I know. You don't have to shake your head. I'm telling you what I heard. And that they get you to take on the tough assignments. Did you ask for this one?

Ms. INGRAM. No, sir, I did not.

Mr. CUMMINGS. The—and the reason why I mention this is because, you know, the more as I listen, and I say to myself, it sounds like the IRS has put it—I mean, the piece that you have, you've been able to put it together. And could you kind of tell us about how that came about? In other words, did you have timelines and were you constantly hitting those timelines and—you know, because there are some other problems in some other areas. Maybe some people need to listen to what—how the IRS did this. And I'm not trying to put you on the spot. I'm just—I mean, in my office, I constantly say two words: effectiveness and efficiency. I tell them we've got one life to live. It's a limited amount of time on this Earth. We've got a limited amount of time where we are. We've got to get things done; we've got to get them done well. So I'm just—I'm just curious. Can you talk about the process of getting to where you've gotten to?

Ms. INGRAM. I think a very basic part of our success to date and our confidence in our planning going forward is that we recognized that we needed talent from across the IRS, and we identified that talent. We set up a governing committee that's chaired by the two

deputy commissioners and to which we all report in. And if somebody wants more detail about that, there are a couple of GAO reports from 2011, 2012, that go into that in more detail.

But we tried to set up very early on the best governing mechanism and project management mechanisms that we could to ensure that the various phased implementation—implementation of the various phases of the ACA, depending on effective dates and when it would hit tax administration, could be well organized, scheduled and simultaneously worked on in parallel paths. And I think personally that our effort to get that organized well has meant everything about our collective ability as a team to be ready for October 1st and for our confidence going forward towards the 2015 filing season.

Mr. CUMMINGS. And just one other question. These furloughs, how does that affect—when you're talking the subject matter of these hearings, where we are with regard to IRS and your relationship to all this, how does this—these furloughs, if at all, affect the things that you're doing, you know, the process—well, we forgot—I mean, your shop. I'm just—I'm just curious.

Ms. INGRAM. Well, what we've paid attention to is the need to have our computer systems be operational on 10/1 and the minimum number of people needed to either operate them or, from my shop, business people in order to support that work, so there is a small number of people from my shop who have been on duty to support the operations of the IT portion.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Chairman ISSA. Thank the gentleman.

Because we can never tell how many members are going to come and go and we have up to 10 additional members who may ask between both sides, Ms. Ingram, would it be appropriate to take about a 5-minute break or—

Ms. INGRAM. I'm happy to. Yeah.

Chairman ISSA. Why don't we go ahead and do that just so that we not take you in a—because I can't tell you how much longer beyond the people sitting here. So we'll stand in recess for just a few minutes.

[Recess.]

Chairman ISSA. The committee will come back to order.

We will now go to the gentleman from Texas, who has been patiently waiting. The gentleman, Mr. Farenthold, is recognized.

Mr. FARENTHOLD. Thank you, Mr. Chairman.

And, Ms. Ingram, I appreciate you being here. I know that is not the most comfortable seat to be in, in Washington, D.C.

I want to take a step back and take a 30,000-foot view of what's going on right now. Now, when people think about the IRS, I would imagine their primary responsibility is to collect taxes, the bulk of which is income tax. Is that correct?

Ms. INGRAM. That's the primary purpose, yes.

Mr. FARENTHOLD. And the IRS relies on people who voluntarily comply with the income tax. Sure we have the audits here and there, but the vast majority of what the IRS does is based on the public complying with the laws, correct?

Ms. INGRAM. Yes. That's a cornerstone of our democracy.

Mr. FARENTHOLD. Now, with the current scandals that—that are going on, it is my feeling that the American public is losing confidence in the government. You had the—some of the leaks within the IRS with respect to member lists of organizations. You had the whole targeting scandal. Do you think these mis-cues, and I'm—I'm trying to pick a benign word here, have a negative impact on how the Americans perceive the entire government and the IRS in particular?

Ms. INGRAM. Without speaking to particular examples, I am deeply saddened, as a veteran of the civil service, at anything that damages the confidence of the American people and the tax administration of the—

Mr. FARENTHOLD. And would you agree it's inappropriate for the IRS to share information with anybody for political purposes and—would you agree with that?

Ms. INGRAM. I don't think political purposes should ever be part of our work.

Mr. FARENTHOLD. And, in fact, that was one of the articles of impeachment against President Nixon was—that eventually led to his resignation was a—was a charge that he was improperly using that information.

Let me go to—so I think we've got a problem here that needs to be addressed in a big picture way. I also want to talk for a second about data security. As a former computer consultant, I know no matter how good a job you do at securing your own network, once you open up a hole for somebody else to get in and share data with them, you can no longer really have control over the ultimate security there.

So despite—assuming the IRS were perfect, in this age, I don't think there's such a thing as perfect in cyber security, but as you start sharing personally identifiable information, including potential medical information, with third parties, is there any—anything in place to where if somebody's not being careful with that, you can cut them off? I mean, how do you deal with the security from your third party folks that you're sharing data with?

Ms. INGRAM. I think there are a couple of pieces to keep in mind about the situation. One is I think we'd be glad to provide a more detailed briefing later on the whole data security at the IRS piece, and I think that could be arranged.

Mr. FARENTHOLD. And that's something I would like to do.

Ms. INGRAM. That's—

Mr. FARENTHOLD. You do agree that as more people have access to the information, the more difficult security gets?

Ms. INGRAM. Which is why in the arrangement of how we were going to share data in this instance, we insisted that the data not be displayed outside of the machine—

Mr. FARENTHOLD. Okay.

Ms. INGRAM. —to individuals looking at a screen or the people helping them.

Mr. FARENTHOLD. All right. And I want to get to something the ranking member said. He was talking about the government shut-down, and you mentioned that you furloughed quite a few people in yours. And my understanding is 91 percent of the IRS has been furloughed. Does that sound right to you?

Ms. INGRAM. I'm not an expert on the details. It sounds roughly right.

Mr. FARENTHOLD. And my understanding, again, is that the people who take the checks and cash them for people who will be filing on the last minute, October 5th, are there, but the people who process the refunds for the people who are owed them are not. Are you aware of that?

Ms. INGRAM. I'm not an expert on the criteria for which people stay or not, but there is a life and property—

Mr. FARENTHOLD. All right.

Ms. INGRAM. —aspect to that.

Mr. FARENTHOLD. I appreciate it.

And I promised Mr. Gowdy, I would give him my last minute, because he didn't get everything, so I yield to Mr. Gowdy. And thank you very much.

Mr. GOWDY. Thank the gentleman from Texas.

Ms. Ingram, we're told from time to time on this side of the aisle that the Affordable Care Act is the law of the land, it's been affirmed by the Supreme Court, and that we ought to just get used to it. You may from time to time have seen some of my colleagues on the other side of the aisle sharing that sentiment with us.

I want to read another quote to you. And this is not from you, so I'm not going to ask you when you said it, but the quote is important, I think. "Everyone is up in arms, because they don't like it. They can't do anything about it. They want the IRS to fix the problem, so everybody is screaming at us right now, fix it before the election."

Do you know who said that?

Ms. INGRAM. I have no idea, sir.

Mr. GOWDY. Lois Lerner said that before she invoked her Fifth Amendment privilege, and she said it in connection with Citizens United. The President's been very vocal himself in calling for the overturning of Citizens United. So, in conclusion, I guess some of our frustration is this: If the President doesn't like Citizens United, Lois Lerner doesn't like Citizens United, my colleagues on the other side of the aisle doesn't like Citizens United, so they can advocate for its repeal and its legislative remedy and not following it, and they're not called arsonists or terrorists or anything else, but those of us who may think the Affordable Care Act is costing people jobs or may be offended that the HHS would mandate people violate their religious views, somehow the analysis is different when we ask that it all be changed or repealed or not enforced. So the duplicity of that, of Citizens United versus the Affordable Care Act, I think is what's fueling some of the frustration.

With that, I would yield back.

Chairman ISSA. And I thank the gentleman.

We now have the gentlelady from Illinois, Ms. Kelly.

Ms. KELLY. Thank you, Mr. Chair—

Chairman ISSA. I think your mike, please.

Ms. KELLY. Thank you, Mr. Chair.

And thank you, Ms. Ingram, for being here today.

I would like to ask you about the allegations that have been lodged against you. Republican Congressman Tom Price accused you of systematic harassment of conservative and religious organi-

zations. He also argued that your employment at the IRS should be suspended.

I would like to give you an opportunity to respond to those comments directly, because Congressmen and women can say a lot of things to the press and smear your name, and never give you a chance to respond.

Did you engage in systematic harassment of conservative and religious organizations?

Ms. INGRAM. No, ma'am.

Ms. KELLY. Throughout your 31-plus-year career at the IRS, have you ever treated a taxpayer differently based on your own political or personal beliefs?

Ms. INGRAM. Absolutely not.

Ms. KELLY. And I want to again talk about the timeline. I know we've discussed your move from the commissioner of Tax Exempt and Government Entities to your new position at the ACA in December 2010. Is that correct?

Ms. INGRAM. I'm sorry. I was distracted by the sign. If you could ask me again.

Ms. KELLY. That you moved from the commissioner of Tax Exempt Government Entities to your new ACA position in December 2010. Is that correct?

Ms. INGRAM. Yes, ma'am.

Ms. KELLY. And during your transcribed interview with committee staff, you said that during your tenure as commissioner, Ms. Lerner never told you about the allegations related to the Tea Party cases.

Ms. INGRAM. I have no memory of hearing about them while I was there.

Ms. KELLY. And you became aware of the general allegations in 2012 really from press releases. Is that correct?

Ms. INGRAM. I heard some things in the press, which is—you know, I heard that. And then, in the spring, my boss asked me to sit in on a couple of meetings he had called.

Ms. KELLY. So that's Deputy IRS Commissioner Steven Miller?

Ms. INGRAM. Mr. Miller, yes.

Ms. KELLY. Right. Asked you to attend a meeting about the allegations in 2012?

Ms. INGRAM. Yes. In the spring.

Ms. KELLY. And that's when he decided to send the team to Cincinnati to conduct an internal review of what happened. Is that right?

Ms. INGRAM. Yes. That was what I was observing going on when I sat in on the meeting.

Ms. KELLY. And were you on that team?

Ms. INGRAM. No, ma'am.

Ms. KELLY. Did you conduct any internal review?

Ms. INGRAM. No. I had no role in between the few meetings I attended other than to help persuade Ms. Marks to participate in the team.

Ms. KELLY. Okay. But when the review was completed, you were informed by the internal review team that some applications for tax-exempt status had been screened using inappropriate criteria and experienced delays?

Ms. INGRAM. Mr. Miller asked me to sit in on a meeting where they reported back, and I heard at that time that there were serious concerns based on their on-the-ground review about the delays in cases, the handling of cases, the filter criteria for organizing inventory.

Ms. KELLY. Were you involved in any way in the action plan to address the—these problems? Were you involved in any way?

Ms. INGRAM. I sat in on a couple of meetings that Mr. Miller asked me to join that—at which the team presented their proposal of what they would recommend happen next in terms of analyzing and moving cases, educating staff and so forth. So I sat in on some of those meetings, and that was kind of my role.

Ms. KELLY. Okay. But you weren't a part of developing or overseeing or implementing—

Ms. INGRAM. No. I did—I never developed nor supervised the execution.

Ms. KELLY. And why do you think you weren't a part of it?

Ms. INGRAM. Because I had a more than full-time job. I know many people in this room work long hours, but 60 or 70 hours seems like a full-time job to me, and that job was ACA. And I was not having any of my ACA duties taken off me. So when I could sit in when I was requested, I tried to cooperate, but it was only a few times, and I didn't make a lot of the times I was invited.

Ms. KELLY. Okay. And did you play any role in Lois Lerner's decision to reveal the IG's findings at the ABA meeting?

Ms. INGRAM. None.

Ms. KELLY. Okay. So let me just see if I have this right. You were not responsible for conducting the internal review. You were not charged with implementing the corrective measures. And you had no interaction with Lois Lerner about her decision to discuss the allegations at the ABA meeting.

Ms. INGRAM. Correct.

Ms. KELLY. Thank you very much.

I yield back.

Chairman ISSA. Thank the gentlelady.

We now go to the gentleman from North Carolina, Mr. Meadows. Could you yield me just 30 seconds?

Mr. MEADOWS. I'll—I'll be glad to, Mr. Chairman.

Chairman ISSA. I just want to shake sure I follow up on Ms. Kelly. Let's understand this, for the first 10 months of the targeting of conservative groups, you were there, and it was your job between February and December of 2012. And then until May of 2013, you held the title, meaning that you had a responsibility even if you were doing another full-time job. So, for 10 months, you were Lois Lerner's boss and in residence; for the next 2 years, you were Lois Lerner's boss, but not in residence, but still, ultimately, if she—she or her people were doing something wrong, it was still something that you should have either relinquished the title or taken some action. And in May of 2012, when you—when you knew that, having regularly come up here, you never informed Congress of the targeting even after you described it.

I just want to make sure that Ms. Kelly's statement that you were somehow not part of it be understood that for 10 months, you—you owned it as the boss; for the next 2 years, you owned it

by title and did not relinquish the title; and for a period of time after you discovered the scandal, you did not reveal it. And that—that just—I find that concerning.

Mr. CUMMINGS. Mr. Chairman, ask unanimous consent that the gentleman be given an additional 3 minutes and she be allowed to answer the allegations that you just made against her.

Chairman ISSA. These are not allegations. These are facts.

Mr. CUMMINGS. Well, why won't you let her answer?

Chairman ISSA. These are the dates.

Mr. MEADOWS. I—I object.

Mr. CUMMINGS. You object to a lady defending herself?

Chairman ISSA. The gentleman——

Mr. CUMMINGS. I mean, you guys are sitting here——

Chairman ISSA. The gentleman——

Mr. CUMMINGS. —making allegations that the lady——

Chairman ISSA. The gentleman asked for a——

Mr. CUMMINGS. —a 31-year employee. You're making——

Chairman ISSA. The gentleman will suspend.

Mr. CUMMINGS. Let her answer it. That's not right.

Chairman ISSA. The gentleman will suspend. The gentleman——

Mr. CUMMINGS. I'll suspend.

Chairman ISSA. You asked for unanimous consent because of a statement that there had been allegations. I stated a chronology of facts. The chronology of facts are for 10 months, she was on the job during the period of this scandal. Additionally, for the next several years, she had the title but was not in residence, and she, by her own testimony, testified that she became aware of it; however, did not inform the Congress or take measures to make it public, and it became public through other means. That—none of that is in controversy nor is it an allegation.

Mr. CUMMINGS. But she's sitting here and she's shaking her head, and I just want to her to have an opportunity to say whatever she was thinking. I—maybe she doesn't have anything to say, but the whole time she's shaking her head like this, and I'm just trying to—I'm just trying to be fair to the witness. That's all I'm asking. I want the truth, the whole truth, and nothing but the truth, so help me God.

Chairman ISSA. I'm sure—I'm sure you want the truth if, in fact, it vindicates somebody who for 10 months——

Mr. CUMMINGS. This is not vindicating. It's about allowing someone—when you make allegations like that, when you make allegations, a person should have an opportunity to defend themselves. That's why I asked unanimous consent that she—that he be given more time and that she simply have an opportunity to respond. Now, if she does not want to respond, fine.

Chairman ISSA. I thank——

Mr. MEADOWS. If the rank——

Chairman ISSA. —the gentleman.

Mr. MEADOWS. If the rank——

Chairman ISSA. Would the gentleman please suspend. Reset it to 5 minutes.

If the gentlelady would like to respond as to the chronology, particularly as to the first 10 months, in which you were on the job while conservative groups were being targeted, that's fine. I'd be



happy to have it. I was responding to Ms. Kelly's essential statement that, well, you didn't, you didn't, you didn't, when in fact the timeline is different. It's not the subject of today's hearing, but if you have some further input, we'd certainly be glad to hear it.

Ms. INGRAM. Well, with your indulgence, Mr. Chairman, I just would like to put a few points on the record, one of which is during the 10 months that I was—more than 10 months. During the 2010 year, before I went to ACA, at TEGE, I had five discrete areas that I was responsible for and a lot of very big things going on, including EEO, that had nothing to do with the determination letter program as it relates to 501(c)(4)'s.

I have no recollection of hearing about the incidents that are contained in the TIGTA report. We were very busy with some issues that affected tens of thousands of exempt organizations, such as the statutory requirement that after 3 years of non-filing, organizations become non-qualified. That was taking a lot of time. We were working on the implementation of the charitable hospital rules that the ACA imposed on the charitable hospital sector. That was a great deal of work. There were a lot of other things going on, and I just want to put that in context, for 2010.

When I was assigned to go to the ACA, in the same announcement, the commissioner announced an acting commissioner in charge in my absence, and it was made quite clear to me that my responsibilities laid at the ACA project. And since that was a more than full-time job and there were people in charge of operating the TEGE division, that is where I was told to concentrate, and I did.

From time to time, where, because of my previous experience, such as in Indian tribal governments, I could be helpful by very briefly helping out with a particular task, I was asked to do that. I—it was always on top of my ACA duties. So if you talk about 60 or 70 hours when I had to do that, it was on top of that.

In the spring of 2012, the few meetings I was asked to sit in on, I saw in those meetings people, including my own boss, who were focused on the issues that they were learning about, upset about what they were hearing, wanting to get to the bottom of it, wanting to make sure they understood what was going on, and I assured myself that TIGTA had become involved. And knowing that that team was in charge of it and driving it and having very clear instructions that my job was ACA, and knowing that TIGTA was in the mix, who I trust to get to the bottom of these kinds of questions or allegations of this nature, I continued to work on ACA.

So although I understand that the fact that my title on paper was not changed for some time and despite the fact that I repeatedly offered to my bosses, you know, put me wherever you need me to be to do the work I come in every day to do as an impartial civil servant, the fact that the title did not change, I understand sometimes confuses people, but I would like people to understand the nature of what my responsibilities were and my knowledge were at those various periods.

Chairman ISSA. Well, I appreciate that.

Ms. INGRAM. Thank you for the opportunity.

Chairman ISSA. And I appreciate that. And hopefully, you'll appreciate that what you said, and I take it as completely accurate, 100 percent, is not inconsistent with the three statements I made,

that you were in charge for the first 10 months, in which this scandal was going on without your knowledge; that you had the title for the next 2 years; that you became aware of it, and, by your own statement, you felt that TIGTA was taking care of it, so you felt no responsibility to inform Congress or in any other way go public with it. I'm not faulting you. I'm saying you didn't know it was going on while this bad service was going on for the beginning of it. You maintained the title. That's not a disparagement of you. The fact that you said maybe somebody else should get the title, in fact probably is part of the challenge is that an acting should have been a confirmed, if you will, individual so that you would get past the question of—of somebody handling this. And then, of course, lastly, while many people at the IRS knew about this well before the election, as it was being asserted, it was kept private.

Not blaming you, but as Ms. Kelly was going through her—her series, I saw these three timelines that I thought I could accurately state, and I believe I did. I think you've accurately confirmed, through no fault of yours, that these were accurate timelines, and that part of what is an investigation of this committee is, in fact, all the various elements that went into people at 501(c)(4)'s, disproportionately conservative groups, from 2000—well, before 2010 until today, many of them have not received an approval or a denial. And that's what I think some Members of Congress have called bad customer service. I wouldn't call it bad customer service. I have other terms for it. But hopefully, we've—we've settled that.

Mr. Meadows, I appreciate your patience. You're recognized for the full 5 minutes.

RPTS BLAZEJEWSKI

DCMN SECKMAN

[1:05 p.m.]

Mr. MEADOWS. Thank you, Mr. Chairman.

I do want to give you a chance, because earlier in the testimony, Mr. Cartwright was asking a question; you responded, and I think you misspoke briefly because his question was, were you employed during the time in that particular position while targeting was going on? And your answer was no, and I believe that we know from the timeline that was just shared that, indeed, you were there for at least 8 to 10 months while the targeting was going on, according to what has been reported with the TIGTA report. Is that correct?

Ms. INGRAM. May I state that I have not studied the TIGTA report?

Mr. MEADOWS. I have.

Ms. INGRAM. I respect that.

Mr. MEADOWS. I have read it probably five times.

Ms. INGRAM. I respect that, sir. So—

Mr. MEADOWS. Assuming that the TIGTA report is correct and the targeting began in February to April of 2010, were you indeed employed and in direct management capacity at that particular time?

Ms. INGRAM. If that's the time frame that you're—

Mr. MEADOWS. That's what they report, yeah.

Ms. INGRAM. Okay. Then I was—

Mr. MEADOWS. Because in that report—

Ms. INGRAM. —formally and functionally the commissioner until December.

Mr. MEADOWS. Okay. Because in that report they gave a chart—

Ms. INGRAM. Okay.

Mr. MEADOWS. —that was not just a chart in name only. It actually—that's where I first learned of your name was from the TIGTA report.

Ms. INGRAM. Okay.

Mr. MEADOWS. And so, in doing that, they put in that there was systemic management failures or lack of management that would directly implicate you, and so today you are correcting your testimony, you were there during that first part of 2010 while targeting was going on?

Ms. INGRAM. If that's the period you're talking about, I was at TEG as commissioner, yes.

Mr. MEADOWS. Okay. Were you upset that Lois Lerner prior to your meeting that you were brought back in with, with Mr. Miller, were you upset that she never told you about any of this targeting? Because she was right in the middle of the storm. You had a personal relationship, not just a professional relationship. Were you not upset that she didn't share any of this?

Ms. INGRAM. So once I was on ACA, I wouldn't have been necessarily a logical person for her to turn to. I wish I had been.

Mr. MEADOWS. But it happened under your watch. So you wouldn't be upset with her that she didn't share it with you?

Ms. INGRAM. If I may finish, sir. I wish I had known information during 2010 that I could have helped deal with that in a better way, but I don't recall ever knowing about the kind of stuff that I understand the TIGTA report covers, and after I went to ACA I would not have been the right person.

Mr. MEADOWS. So what did you know? You say the kind of stuff. So what did you know during that period of time? Those are carefully chosen words.

Ms. INGRAM. No, sir, I'm sorry, they weren't particularly carefully chosen. I apologize. I was aware that there was a lot of noise out in the public about the Citizens United case. I was aware that there were a lot of other critical EO projects that affected lots and lots of EO's and some of which had mandatory implementation dates from the legislation, and I know that traditionally the kinds of cases in which questions would arise about political activity or campaign intervention had come up in the (c)(3) area and had come up in the exam stream and the process for selecting cases for exam based on letters that members of the public write to us all the time suggesting that we look at their opponents.

Mr. MEADOWS. So let me ask you this: If you were called to testify back then, would you have given the same statement that you have today with regards to the implementation of ACA that everything is good, it's copacetic, everything is going along the way it should? Because obviously, I guess you were under that belief then. So could you be wrong today, as you were wrong in assuming that everything was going well under your previous management?

Ms. INGRAM. The oversight of the division involves a different management process and set of reporting up and division of labor

than a project management office does. In a project management office—

Mr. MEADOWS. So you are definitely sure you are right today, and that's because your role has changed?

Ms. INGRAM. Because in a project management office, my role is very hands on because of the structure and nature of the project.

Mr. MEADOWS. Okay.

Ms. INGRAM. I have more personal knowledge.

Mr. MEADOWS. All right. Well, let me ask you then, with Obamacare and the data hubs, I know a lot of that is HHS, are you involved in the nature of their testing from a security standpoint on going back and forth? Is the IRS involved in that, or is it all on the HHS side of things?

Ms. INGRAM. My understanding is that our testing with them is as to their connection, the handshake between their machine and our machine to make sure that the handshake works. We are not involved in the testing they do with others.

Mr. MEADOWS. I am out of time. I yield back.

Thank you, Mr. Chairman.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Massachusetts, Mr. Lynch.

Mr. LYNCH. Thank you, Mr. Chairman.

I want to thank the ranking member as well. I just have one matter that I want to just address. A number of speakers ago, one of the gentlemen from the other side suggested that it was comparable, what the Republicans were doing in attacking the Affordable Care Act, to the President's opposition and Democratic opposition to the Citizens United decision. And it is true that the President and many Democrats, including myself, have called for the repeal or the overturning of the Citizens United decision.

However, importantly I think, it is important to say that neither the President nor I have shut down the government in pursuit of our goals. And neither the government—neither the President nor Democrats in Congress have suggested that we default on the national debt in pursuit of our goals, and I think that is an important distinction that has to be made.

Ms. Ingram, thank you very much for your willingness to come before this committee and help us with our work, and I appreciate your patience. I do have some questions regarding the role of the IRS's privacy governmental liaison and disclosure office and your role in implementing the ACA. Ranking Member Cummings earlier requested that a representative from this office appear as a witness today. However, that has not happened. The chairman refused that request, and so I'll direct these questions to you.

According to the IRS organizational chart that I'm reading, the Office of Safeguards has the responsibility for monitoring nearly 300 Federal and State agencies that currently are permitted to receive taxpayer data to ensure that they are complying with privacy laws. Under the Affordable Care Act, the IRS, HHS, State and Federal exchanges, and other Federal agencies will share taxpayer information in order to determine an individual's eligibility for the premium tax credits.

Ms. Ingram, is the sharing of Federal taxpayer information with State and Federal agencies a new task for the Office of Safeguards?

Ms. INGRAM. Well, for a more complete answer, we can provide that through that office, but we have decades of experience with the sharing of tax data under the long list of exceptions to 6103 that Congress has from time to time added to that section. This is a new one, and we've taken the same kind of care, if not more, in making sure that the safeguards are in place and that our oversight is launched.

Mr. LYNCH. Very good. So it sounds like this office has a long-standing experience in overseeing the transmission of taxpayer data?

Ms. INGRAM. Yes, sir.

Mr. LYNCH. Okay. And what kind of policies and procedures must State and Federal agencies have in place in order to receive taxpayer information? Could you describe that?

Ms. INGRAM. So I'm going to give you a high level answer because I am not an expert on the details of it. For example, the oversight board document, those pages were prepared by the Disclosure Office, but in general, there are very detailed—it's a very detailed publication, pub 1075, that sits on our Web site. There's an extensive multi-page template that is the foundation for the safeguards procedures report, there are also a number of other kinds of data sharing agreements under various statutes. Those have all been implemented with the appropriate entity, whether that entity, as I said in my testimony, is HHS or whether the entity is the ultimate recipient of the data.

Mr. LYNCH. Okay. Now, these Federal agencies and State agencies, do they have to get a, go through a certification process in order to receive this information?

Ms. INGRAM. Yes. We do not release any data to anybody that we are not comfortable that they have sufficient safeguards in place following all the detailed procedures in those requirements.

Mr. LYNCH. Okay, and were the State and Federal exchanges certified pursuant to this process prior to October 1st?

Ms. INGRAM. Yes, the data hub, the federally facilitated exchange, the individual exchanges at the State level, and several of the Medicaid offices had also asked to be certified by October 1st.

Mr. LYNCH. Okay. Well, my time is short. I do want to thank you for your service, and I appreciate you coming to this committee and helping us. Thank you.

I yield back.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Michigan for 5 minutes, Mr. Bentivolio.

Mr. BENTIVOLIO. Mr. Chairman, thank you for holding this important hearing today.

Since I came to Congress, I have heard from every sector of the economy, and they all tell me the same thing: Obamacare is making it difficult to create more jobs and making it more costly to buy insurance. From the city manager of Plymouth, Michigan, who told my staff that he's unsure if the city parks can be maintained because it might put the city over 50 employees to nearly every single business owner who comes into my office worried about the insurance they currently provide their employees skyrocketing in price.

Obamacare is hurting a lot more people than appear to be helped by it.

At this time, Mr. Chairman, I would like to enter for the record, if I may, today's Washington Post, a particular article, "Many Fore-saw Health Site Jam."

Chairman ISSA. Without objection, so ordered.

Mr. BENTIVOLIO. Thank you. It says basically two allies of the administration, both of whom spoke on the condition of being anonymous because of the controversy surrounding the rollout, said they approached White House officials this year to raise concerns that the Federal exchange was not ready to launch. In both cases, Obama officials assured them there was no cause for alarm.

Outside the White House, people familiar with the setup efforts had been warning of chaos in the days and months leading up to October 1st.

On September 18th, Louisiana's Health and Hospitals Secretary Kathy, if I get this right, Kliebert, testified before Mr. Lankford's subcommittee that the administration was giving confusing information and making last minute changes that left the States scrambling.

John Engates, chief technology officer at service provider RackSpace, said the government should have been able to prepare for the type of traffic that the site has experienced. I think that any modern Web company would be well prepared for a launch of this scale, said Engrates. We're not talking about hundreds of millions of people and we're not talking about complex transactions; this isn't downloading full movies off of NetFlix. The question I have is, did they have enough time to prepare, and did the people doing the work know what they were doing, end of quote in the newspaper.

My question today, your testimony today, Ms. Ingram, sounds like testimony this committee heard earlier this year from CMS Administrator Marilyn Tavenner and Director of the Center for Consumer Information and Insurance Oversight Gary Cohen that everything was fine and that the administration would be prepared for October 1st. We now know that the administration was not prepared for October 1st. How can we know that the IRS is adequately prepared and that there was enough time for IRS to conduct the checks and make sure the safeguards were in place to protect all the sensitive information flowing through Obamacare data hub?

Ms. INGRAM. So I think one piece of that question, if I understood it correctly, sir, could be answered by the fact that our systems have come up on time and operated as planned and are turning transactions around when they reach our door as the IRS.

The other part of the question, having to do with ensuring that data safeguards are adequately in place and that we have reassured ourselves as to that point, we would be glad to arrange a separate briefing to take you through more detail of what that team did, but that team started, as I understand it, very early on in implementation working with States and the HHS about what would be required, how the design of their systems could take the safeguards into account, and again on limiting where that data can go and how it has to be walled off and protected. I am not an expert on all the pieces that they did, but we would be glad to provide a separate briefing if that would be of help.

Mr. BENTIVOLIO. Okay. Recently it was reported that the Minnesota exchange accidentally released the names, addresses, and Social Security numbers of over 2,400 brokers. Exchanges will store significant amount of sensitive data, including income and employment information. If it comes to IRS's attention that an exchange improperly handles sensitive data, data like Minnesota has done, what steps will the IRS take to ensure sensitive taxpayer data is protected?

Ms. INGRAM. Two pieces. One that because it's restricted from view to so many people that might raise your concern, we think we have greatly reduced the likelihood, but if it comes to our attention, we actually can turn the switch off on the computer within minutes to cut off a feed to a particular recipient if we have reason to think that that recipient doesn't merit the approvals they received previously.

Mr. BENTIVOLIO. Thank you.

I think my time has expired. I yield back.

Chairman ISSA. I thank the gentleman.

We now go to the gentlelady from the District of Columbia who I was with earlier working on the issues of reopening the District of Columbia, and I want to personally thank her for her efforts.

Ms. NORTON. Well, Mr. Chairman, you have stolen my thanks, because I wanted to thank you for coming to the swamp site, taking a respite from the hearing, which you, of course, are obligated to chair and considering that the District of Columbia's local budget, which is fast—where we are fast running out of contingency funds, was important enough to leave a hearing that I know you have shaped, and I very much appreciate that you did.

I want to—and of course, the chairman, as he spoke and had to leave, so I didn't get a chance to thank him in the manner to which he deserves, was quick to tell me that the hearing is going on, and I realized I was AWOL.

I did want to attend this hearing because the gentleman's question about being adequately prepared is—goes to my question.

Ms. Ingram, you are a senior civil servant of considerable intelligence and long experience. If anything, I have great fears that we will lose people like you as civil servants are going through the issues that now confront all of you.

Now, here is a new function. I imagine that you were given this function because of that long record, because of your great ability. We have a major change in the Tax Code, in the tax laws of the United States. In your experience, have you ever seen a change as major as the change that you now confront, where you have everything from your regulations to your IT infrastructure, new tax forms—that is not unusual—to come forward with?

Ms. INGRAM. I think people debate whether this or the Tax Act of 1986 or the 1974 passage of the Employee Retirement Income Security Act, how those would all stack up. I will say that this is certainly one of the largest pieces of legislative implementation that the IRS has tackled in recent years, but we are confident that we have it organized and we're on track.

Ms. NORTON. Now, with respect to those other two large tax overhauls that you mentioned, were you given increase in funding be-

yond your normal funding in order to handle the new workload in those two instances?

Ms. INGRAM. I will confess I was not employed in 1974, so I don't know what was done then, and in 1986, I was not in a position to know that, so I'm not——

Ms. NORTON. Well, let me know that. I have information that between 2010 and 2012, the budget of the IRS was cut by 3 percent. Now, that is one thing you would wonder, if you have a major new function on the order of the two you discussed, why cuts would be in order rather than some increase, particularly given concerns, I think quite legitimate concerns that have been raised here about privacy, not to mention difficulty.

Let me ask you, then—well, first, let me tell you, I happen to be sitting in the financial services appropriation—no, in the Appropriations Committee when the financial services appropriation went through, and I was just stunned because the Appropriations Committee passed a 24 percent reduction in the IRS budget for 2014. I need to know, particularly in light of concerns, privacy and other concerns that have been raised here, whether you will be able to meet your benchmarks, the internal ones that you say have thus far been met, and to afford the protections with a quarter of your budget being cut at a moment when you're seeing—we're seeing one of the most major increases in responsibility ever given the IRS?

Ms. INGRAM. Well, I would like to leave the budget discussions to Acting Commissioner Werfel and his budget team, so I am a little hesitant to opine on the elements that Congresswoman——

Ms. NORTON. But I am not asking about the elements. I am just asking whether or not here—I am speaking as a layman. Can an agency which is given a major new responsibility simply move forward, absorb that major responsibility, change the infrastructure, issue new guidance, acquaint all the employees with new IT and regulations? Is that a fair, is that a fair or reasonable mandate to give an agency of the United States Government?

Ms. INGRAM. Our agency has a great deal on its hands, including the legislative implementation that we are required to do. Tough budgets require tough choices, and folks beyond me will be involved in those, that choice making, depending on what budget is available at any given time.

Ms. NORTON. You can be assured of this, Ms. Ingram, that your effectiveness in carrying out the ACA and your other responsibilities under the Internal Revenue Code will be scrutinized by this committee and others, and if it does not—notwithstanding whatever the cut is, if you do not meet up to those, none of the blame will be laid here in the Congress of the United States, which instead of increasing your budget to accommodate changes, it has mandated has reduced your budget, making it very difficult, assuming the budget gets out at all, for you to meet the very demands we are making on the agency, and I thank you very much, Mr. Chairman.

Chairman ISSA. I thank the gentlelady, and the gentlelady makes a very good point, which is that if you manage to live with 24 percent less, we won't call you. If it doesn't work out, undoubtedly, somebody will be in front of many committees.



We now go to the gentleman from Florida, Mr. DeSantis.

Mr. DESANTIS. Thank you, Mr. Chairman.

Thanks for having this hearing, I'm sure this is going to be a subject that is going to have a recurring importance, given the huge expansion of the authority of the IRS under the so-called Affordable Care Act. I heard some of the colleagues on the other side of the aisle almost just mocking the hearing, and it really struck me because it is almost as if somehow we are just not supposed to talk about Obamacare anymore, and I think as we have seen it become implemented, the more and more apparent it has been that the promises that were made to justify the law's passage are essentially null and void. They were essentially false pretenses.

I mean, for example, the President said the only change for people with insurance is that you will pay less, and that estimate was \$2,500 per family. That Americans are finding out is totally not going to be the case.

If you like your plan, we were told you can keep your plan, but yet we see stories of spouses losing their coverage, employees losing their employer-based coverage, getting put on the exchanges. And then we said if you like your doctor, you get to keep your doctor, but if you lose your current plan, you end up on the exchanges, you may not have access to the same doctor that you did before, and so the issue is not going to go away, given that what was promised is not being delivered.

I think it is also just interesting to compare the passage of the health care law with some other major pieces of legislation. I just looked this up, it is amazing. Social Security got 96 percent of Democrats in the House, 81 percent of Republicans. Eisenhower's Interstate Highway System got 93 percent of Democrats in the House, 98 percent of Republicans. Civil Rights Act 1964, 61 percent of Democrats in the House and 80 percent of Republicans in the House. Reaganomics, 1981, 78 percent of Democrats in the Senate supported that and 98 percent of Republicans. And even welfare reform in 1996, broad bipartisan agreement. You didn't have any bipartisan agreement here, and so I think that that also contributes to the controversy.

I keep hearing that this is the law of the land as if it is somehow sacrosanct, that you can't actually advance legislative changes to it, and that just—we have the authority to do that. Of course, we are able to suggest changes, delays, repeals, whatever is in our Article I authority, but the thing about this notion that somehow it is the law, full stop, you can't even talk about it is, if this is such a sacred piece of legislation, then why isn't the President implementing it as written? I mean, we have talked today about the delay in the employer mandate, which was supposed to start in January with no statutory basis for the delay. We know there was a delay on the cap on out-of-pocket costs, which were supposed to take effect this year. We know subsidies were granted to Members of Congress without having a statutory basis. Income verification requirements for exchange subsidies suspended. And then the use of subsidies on these Federal-based exchanges, and that is what I want to talk about now, just in terms of whether this implementation is being done with the law.

The law, under the Affordable Care Act, says, Section 1401, subsidies can go to an individual, quote, enrolled in through an exchange established by the State, under Section 1311 of the Patient Protection and Affordable Care Act. And of course, we have seen most States have rejected creating exchanges, as the law contemplated, and so then the IRS has had to determine, well, what about these Federal exchanges. And I don't see any statutory basis for those subsidies to flow to Federal exchanges.

Nevertheless, on May 23, 2012, the IRS finalized a regulation which actually allows subsidies to flow to Federal exchanges, even though there is no provision in the law to allow that.

So my question for you is, just were you consulted when they were devising this rule about whether the IRS should issue guidance allowing subsidies to flow to people who were enrolled in federally run exchanges instead of exchanges instituted under Section 1311?

Ms. INGRAM. I was in—I was present for a number of different topics that were covered by that reg. For that particular topic, I was not particularly involved. I was probably in a briefing or two where other people discussed it, but it wasn't my decision.

Mr. DESANTIS. So they weren't asking you your thoughts about whether you thought that these subsidies should flow to people in federally run exchanges?

Ms. INGRAM. I am about administrability, not about the legal policy calls.

Mr. DESANTIS. Now, were you, prior to this regulation being instituted, were you guys going forward with your implementation assuming that the subsidies would be available for the States that declined to create a State exchange?

Ms. INGRAM. The proposed regs included the same position, and there were many comments that were filed, as is always the case after proposed regs. It is part of my job to keep track of what is in the proposed reg stage, ask about whether, what is coming in, in comments and the likelihood that something would change so that we don't go too far in implementation steps if something is going to change and we would have to change our work. That is my role.

Mr. DESANTIS. So the answer to that is, yes, you guys had assumed that there would be Federal subsidies for federally run exchanges?

Ms. INGRAM. I kept track of the likelihood that the position in the proposed reg would change so I could adjust, if necessary, the administrative work.

Mr. DESANTIS. Thank you.

Thank you, Mr. Chairman. Yield back.

Chairman ISSA. I thank the gentleman. I think the gentleman brings up a good point since CBO never scored that subsidy.

At this point we have concluded our first round. I am going to ask the gentleman from Maryland, the ranking member, to close, and then I will close.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Ms. Ingram, I want to take a moment to thank you again for being here. But I want to thank you for something else. I want to thank you for having a can-do attitude, and I really mean that. You

know, I am the son of two former sharecroppers with only a second grade education each. One of the things my father used to say to us as kids, and they educated all seven of their kids on a domestic's salary and a laborer, and their attitude was always there is no such word as can't. I thank you for, first of all, believing that you can get something done, get it done well, and then doing it, and I do believe that you are an exemplar of so many of our Federal employees. Many of them are sitting home right now, wherever they may be, possibly watching this or they will watch it later on, and they, too, have those can-do attitudes.

And, you know, we hear a lot about the Affordable Care Act, and clearly, there are things that should be done to make it better. I think they tell me when Medicare started, they had a lot of problems and issues, but I think what you have shown is that the piece that was, you know, that you had to deal with, obviously good planning, targeted dates, I guess, some kind of timetable, making sure the tasks were done, and always saying I am going to reach that goal, I am going to get there. And so I thank you, I really do for—you know, I was—you shook your head a little earlier when I said, "The word on the street was that you're a superstar," but that is what I have heard. You don't have to shake your head again.

But it is the people like you and the people that sit behind you that give so much, they give so much because you realize it is so much bigger than you. And I look at the people who come to work for us. Most of these folks could be doing something else, but they come—I am talking about Republican and Democrat. They come to work every day, they believe in what they are doing. And they give everything they have got. And so I know you said that you feel comfortable. You are on target, and I would just ask you to maintain that, and I am saying this for a reason, because I want people to know that they are appreciated; they really are. They are appreciated for what they do because they are touching millions upon millions of Americans, and a lot of times I am sure they sit at their desks and say, you know, "What am I doing this for? Why have I got to go through this? The problems keep coming and whatever." But I do believe that deep in their hearts people like you, for 31 years, this apparently must feed your soul. It must.

And I think that when people have a passion for something, that is where their strength is, and if we as the public are beneficiaries of your passion and of your purpose to make this society a better society, and I am convinced that once we work out the kinks in Obamacare, that we will have something that will benefit society long after we are dead. That, to me—I mean, I can't think of too much more, when you think about, you know, looking back at your life and if someone were to write a book, and for you to be able to say, "Well, I did my part, I did it well," and I am not just talking about you, but I am talking about all the team that are making it happen for IRS and Obamacare, if they want to call it that, I want to thank you.

Thank you, Mr. Chairman.

Chairman ISSA. I thank the gentleman.

Quick announcement: I spoke to Acting Commissioner Werfel, and he was not able to get us the documents that we presented to you. Additionally, obviously, he—well, not obviously, but he stated

that in fact, he wouldn't be able to determine whether you were correct or not correct about that being 6103 documentation. So I will work out with the committee and the commissioner how we can go through and get properly redacted material going forward, how we can get the discovery we did not. And we will try to resolve some of those questions, hopefully without having you back, even though I desperately would like to know the details underneath these communications and others. And from our oversight, it appears as though there are hundreds, if not thousands, of documents that have been claimed to be 6103 that are not. Again, you are not in the redaction business, neither is the commissioner directly, so we will work that out with him.

I am going to go through just a couple of short things. You talked about the community. Under the Affordable Care Act, there is a 1 percent tax, going to 2.5 percent, if somebody doesn't buy insurance, and as the President has said, you know, and many have said, that has been held, that law has been to the Supreme Court. But let me just run through the numbers for a moment and ask you with your experience of working with the community if this makes sense. Warren Buffet makes a couple of billion dollars in a bad year, so under the Affordable Care Act, as a single individual, his penalty would be in the millions if he did not buy insurance, and yet the required cap for insurance would be less than that. Do you find it interesting that there is no provision of the Affordable Care Act for somebody to self-insure or to in some other way meet the financial responsibility, and therefore they are being mandated to buy a profit-oriented insurance package, in many cases?

Ms. INGRAM. Well, I want to—if I could speak first to the comment about Mr. Buffett, the actual calculation of the tax is capped at what it would cost to go get insurance. So it wouldn't be just simply a multiple of his income. But, I am sorry, I was—I apologize, I was distracted.

Chairman ISSA. Would that be the minimum plan? Because right now, they set a minimum in the law, but there is no maximum dollar set. So is that the high deductible, \$4200, \$5,000, \$10,000?

Ms. INGRAM. I am not going to have the exact, which premium it is, but it is capped at the cost it would otherwise take someone to go get insurance, and there is a definitional thing in there. I can give you a more precise answer—

Chairman ISSA. Okay. So if Mr. Buffett would have a \$10,000 plan—

Ms. INGRAM. Let's say.

Chairman ISSA. That would be the minimum he could have, and he would be penalized \$10,000, taken from him, but he would get no health care. Is that right?

Ms. INGRAM. That would be his economic choice at that point.

Chairman ISSA. So he cannot insure and pay the same amount as for insuring under the law?

Ms. INGRAM. I think there is a more sophisticated answer to that, so I would like to be able to respond more fully in—

Chairman ISSA. Yeah, no, please respond in writing, because from what we read is, if you pay the fine—if you self-insure, you will be charged the amount of having insured, you will have no coverage, but you, in fact, can self-insured. So you can pay all of your

own charges, not be covered, and yet pay the same amount as if you were covered. I just—I find that sort of an interesting one.

Let me switch to another part. In most of your 31 years of Federal service, I presume, and I am not trying to be overly personal, but I think it is for 2.1 million workers and 8 million covered, we are in FEHBP. Are you?

Ms. INGRAM. Yes, I am.

Chairman ISSA. So you are familiar with the 300 or so choices available and certainly the 11-plus that are available to you in any of the communities around the District of Columbia? You are in an FEHBP plan?

Ms. INGRAM. I am.

Chairman ISSA. But you have looked at the array of ones available?

Ms. INGRAM. I am in a plan for that program, yes.

Chairman ISSA. And does it meet the minimums under the Affordable Care Act requirement for insurance?

Ms. INGRAM. My understanding is that it does.

Chairman ISSA. And employees of the House and Senate, including employees of this committee, are in that plan also. Is there any reason, any logical reason that they should be thrown out of that plan, other than it was mandated in the law?

Ms. INGRAM. I haven't been involved in any of the discussions about what should or should not be done about the coverage of folks on the Hill—

Chairman ISSA. Okay.

Ms. INGRAM. —and I would defer to those people.

Chairman ISSA. Okay. Yeah, no, there are really stupid things done by the Members of the House and Senate to the employees who work for us, probably are something for you to stay out of as long as you get to stay in FEHBP.

The next question is one that does fall to you. If Congress tomorrow declared that FEHBP was a Federal exchange, would there be any inconsistency with Federal exchanges, small business Federal exchanges, such as the D.C. exchange?

Ms. INGRAM. I am not sure what the inconsistency question is. Your question immediately started my brain working on the logistics and the wiring, so I am sorry that's where my brain went.

Chairman ISSA. Right, but currently, FEHBP covers over 8 million people. It covers COBRA for people who have left the Federal workforce. It covers the vast majority of retired Federal employees. And it covers virtually every current Federal employee and their families. So you have a plan that has over 300 options, you yourself in the District area get dozens and dozens of choices, HMOs, PPOs, conventional. You have a non-age-discrimination single price point that you can shop online prior to making your decision. Does it look like an exchange to you when you go into it or like an exchange you would like to have look?

Ms. INGRAM. I am sorry, my particular enrollment has rolled over consistently for so many years, I don't know what the experience is at the moment for new enrollees, so I can't really respond to the extent to which the policymakers or this Congress wishes to look across those fact patterns and equate them.

Chairman ISSA. Well, let's just go through. You have been studying the Affordable Care Act and its implementation and the exchanges, so you're familiar with what we are offering.

Ms. INGRAM. Yes.

Chairman ISSA. It doesn't surprise you that Mr. Cummings or I can go online during open enrollment, and we can look through policy after policy, find out how much it costs and choose.

Ms. INGRAM. Okay.

Chairman ISSA. It doesn't surprise you that there is no age discrimination, that 31 years into your career you pay the same amount as somebody who is starting tomorrow, that it is a flat fee within FEHBP?

Ms. INGRAM. I will take your word for it, sir. I am not an expert in FEHBP.

Chairman ISSA. Well, I am a little surprised, 3 years working the Affordable Care Act. Let's continue.

Doesn't it surprise you, though, that FEHBP, you are able to move from plan to plan and any preexisting condition is not a problem, right?

Ms. INGRAM. That is my understanding.

Chairman ISSA. And I am taking you through this.

Ms. INGRAM. I am not sure, though.

Chairman ISSA. It is true.

Ms. INGRAM. Okay.

Chairman ISSA. Take Trey Gowdy and my word for these things.

Ms. INGRAM. Okay.

Chairman ISSA. So it is portable, as long as you are within the Federal workforce. There is no age discrimination. It doesn't care about preexisting conditions. And you have huge amount of different choices, HMOs, PPOs, and conventional. And you can be covered by 96 percent of all doctors in America and in all 50 States.

In your opinion, if all that be true, is there any reason that the health care plan that you have, that I have, that the President and Vice President and every member of the Cabinet are eligible for shouldn't be made available to the American people?

Ms. INGRAM. That is a policy choice that I leave to people in policy positions.

Chairman ISSA. If you were not in the Federal workforce, would you like access to the program you are in now, or would you like to go to an exchange?

Ms. INGRAM. I would want to understand the, my options at the exchange at a personal level, depending on where I lived.

Chairman ISSA. But is there any exchange that has as many choices as FEHBP or even close?

Ms. INGRAM. I am not familiar with the array of choices in the various exchanges. That is HHS. I am not sure what question you are asking me, sir.

Chairman ISSA. I am just asking you for the common sense of since FEHBP doesn't have age discrimination, meets all the requirements that were anticipated in the Affordable Care Act, why the President and Members of Congress in the House and Senate never opened up the plan they were in. In fact, the President has more choices than any exchange in America, so people being forced

into the exchanges, Federal exchanges, including my staff and Mr. Cummings' staff, will be given less choice than FEHBP.

I would hope you would be able to answer that. But let me just review one thing that I heard here today because I think it is important. The IRS is ready. They met their deadlines. They were timely, and in fact, there are no known flaws in the IRS's performance as of today.

Ms. INGRAM. True.

Chairman ISSA. So we need to get Secretary Sebelius in here because basically HHS has screwed this whole thing up. The delays, the inability to get on, all of that comes out of HHS. It is not your end of the business.

Ms. INGRAM. That is not the part that we have been working on, no.

Chairman ISSA. Okay. Does it surprise you that if you go online, you deliver your Social Security number, as you are required to do, in order to get a calculation and look at plans, and then you decide not to accept any of the plans, and you go to exit, because they have made you give your Social Security number, they have made you, they have looked up your database, your tax information, and they have your email, they send you back an email telling you how much you are going to have to pay if you don't take, sign up for the Affordable Care Act?

Ms. INGRAM. I am not familiar with the way they've sequenced their enrollment process, other than I know that some of our folks have looked carefully at the questions that are asked to ensure that any tax-related items are correct and to ensure that no tax data is displayed on the face of the machine.

Chairman ISSA. I just find it interesting that they use your taxpayer database, even if somebody might have insurance, and they are just looking at what the exchange would be, because they don't know whether they will have insurance, they go through the process of checking—in order to check for a hypothetical enrollment, they give that information; they then get an email basically threatening them with the fine if they don't sign up. That is just an observation of people who were signing up, who are calling our offices and saying, I didn't know I would be told how much I would have to pay if I didn't enroll.

Ms. INGRAM. The only time that we are sent a query is when somebody has gotten to a point in whatever exchange it is to say, I would like to learn about possible assistance. The way in which those questions are sequenced may not be uniform across the exchanges, but we do not receive a query for every person entering those Web sites, only if they decide they would like to learn about their assistance options.

Chairman ISSA. Can you imagine—you had this question earlier—did you ever get a complaint by somebody who got a tax credit? Did you ever find somebody that didn't want their taxes reduced or eliminated? Can you imagine anyone not finding—not checking to see, hey, can I get a subsidy? That is going to be almost universally asked by virtually everybody that goes online is, am I eligible for a tax credit or a subsidy? It is human nature. I think we established that earlier. Don't you agree?

Ms. INGRAM. I think that is their economic interest or curiosity. They are told that for the income information, the queries will include asking us about their tax data. If they don't wish to check that box at that point, they can make that choice.

Chairman ISSA. Well, Ms. Ingram, here is the good news. You have literally been saved by the bell. We have run out of inquiries. You have been very generous with your time. We will make every effort to not have you have to come back over the items that you have offered for the record and the items that we were not able to read. And with that, again, I thank you for your 31 years of service, and we stand adjourned.

[Whereupon, at 1:49 p.m., the committee was adjourned.]



## **APPENDIX**

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MATERIAL SUBMITTED FOR THE HEARING RECORD



COMMISSIONER

DEPARTMENT OF THE TREASURY  
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WASHINGTON, D.C. 20224

*Cummings  
for tomorrow  
10/9/13*

October 8, 2013

The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and  
Government Reform  
U.S. House of Representatives  
Washington, DC 20515

Dear Ranking Member Cummings:

I am responding to your letter today requesting that I attend tomorrow's hearing along with other IRS personnel who have relevant subject matter expertise in matters related to ACA implementation. I spoke directly to the Chairman this evening regarding your request and the Chairman requested that I do not attend. Instead, the Chairman suggested we have technical experts present that could be available to support Ms. Hall Ingram, but that would not be called to give direct testimony. Given my respect for the Chairman's authority in this matter, I have decided to agree to the Chairman's direction and will not attend in person.

Of note, I remain concerned that Ms. Hall Ingram, alone, will not be able to provide comprehensive testimony regarding IRS efforts to implement the ACA, given that many of the significant IRS activities in this area fall outside of her direct purview. However, it is my understanding that the Chairman's decision that Ms. Hall Ingram will be the only witness for tomorrow's hearing is now final.

Thank you for your ongoing assistance in this matter.

Sincerely,

Daniel I. Werfel  
Acting Commissioner

cc: Chairman Issa

DARRELL E. ISSA, CALIFORNIA  
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## Congress of the United States

### House of Representatives

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### Opening Statement

Rep. Matt Cartwright

Subcommittee on Energy Policy, Health Care and Entitlements

Hearing on "Oversight of the Wind Energy Production Tax Credit"

October 2, 2013

Thank you, Chairman Lankford and Ranking Member Speier, for this opportunity to discuss the Production Tax Credit. I look forward to today's testimony.

In Pennsylvania, we're proud of our wind energy industry. For example, in my district, the 128 megawatt Locust Ridge I and II Wind Farms have powered more than 40,000 homes with clean energy and has brought \$1.1 million in tax revenue to Schuylkill County every year since their construction in 2007. The wind farms created more than 160 construction and permanent jobs and more than \$2 million was spent locally on labor and general services like area hotels and restaurants during construction of the project.

Locust Ridge is a great example of the concrete benefits of the PTC to towns and counties across the country, because it could not have been built without it. Schuylkill County was even able to eliminate a planned tax hike on its residents with the additional annual revenue the project added to their annual budget.

Across the state of Pennsylvania, wind farms now power over 335,000 homes and our state is becoming a manufacturing powerhouse for the wind energy industry, providing good paying, middle class jobs we desperately need. Many of the skills Pennsylvania workers possess easily transfer to wind energy manufacturing, providing thousands of new jobs and spurring billions in investment.

The production tax credit has been vital to ensuring that wind energy companies are able to compete with the subsidies that coal and gas companies receive. Generating wind power is much cleaner than coal and gas creating zero emissions and using virtually no water. The water consumption savings from wind projects in Pennsylvania total more than 760 million gallons of water per year. The wind power installed in Pennsylvania will avoid over 2 million metric tons of carbon dioxide emissions annually, the equivalent of taking 365,000 cars off the road.

I look forward to working with my colleagues on this committee to ensure that wind energy production is a consistent component of energy policy and that the wind energy industry receives fair treatment in the tax system.

10/29/13

Pricing Glitch Afflicts Rollout of Health Exchanges - WSJ.com

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POLITICS AND POLICY

## Pricing Glitch Afflicts Rollout of Online Health Exchanges

By CHRISTOPHER WEAVER, TIMOTHY W. MARTIN and JENNIFER CORBETT DOOREN

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Margot Lee, left, and Claude Cesard, right, volunteers with Get Covered America, canvas a neighborhood in Englewood, N.J., in July to inform people about new insurance possibilities under the federal health-care law. *Bloomberg News*

Less than two weeks before the launch of insurance marketplaces created by the federal health overhaul, the government's software can't reliably determine how much people need to pay for coverage, according to insurance executives and people familiar with the program.

Government officials and insurers were scrambling to iron out the pricing quirks quickly, according to the people, to avoid alienating the initial wave of consumers.

A failure by consumers to sign up online in the hotly anticipated early days of the "exchanges" is worrisome to insurers, which are counting on enrollees for growth, and to the Obama administration, which made the exchanges a centerpiece of its sweeping health-care legislation.



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technological hurdles.

Insurers are preparing to enroll potential customers through a variety of methods—online and offline—starting Oct. 1. "While there will no doubt be technical challenges, there are a number of pathways for a consumer to enroll, including through agents or brokers, and directly through health plans," said a WellPoint Inc. spokeswoman.

Georgia Watch, a consumer advocacy group involved in health-law outreach, will tell people who log on in early October to the state's federally run exchanges: "Don't panic. There probably will be a few glitches," said Bill Rencher, the group's health-access program director. He expects any

lingering issues to be resolved quickly.

At their front end, the exchanges are essentially websites that consumers use to compare health plans and enroll in coverage. These websites link to data from other parts of the government, such as the Internal Revenue Service, and from health plans to verify eligibility and deliver subsidies for coverage.

Individuals earning up to about \$46,000 a year and couples making up to \$62,000 are eligible for subsidies to buy insurance. In some cases, the subsidies could cover the full cost of plans. Higher-earning customers can also buy insurance on exchanges but will pay the full price of premiums. Most people who choose not to carry insurance will face penalties for the 2014 tax year.

The administration's readiness has been in doubt for months. A Government Accountability Office report in June noted that, despite progress, "much remains to be accomplished within a relatively short amount of time."

Glitches in technology projects of this scale are "totally to be expected," said Michael Kringsman, an information-technology consultant who advises companies on IT projects. "On the surface, you'd think this is pretty easy for a website to give you a price, but behind the scenes, the number of variables is very high," he said.

The calculator application is being developed by the government contractor CGI Group Inc. CGI has won more than \$88 million in government contracts to build the exchanges through next March, the largest amount of any contractor, according to the GAO report. Donald Meyer, a public-relations executive representing CGI, declined to comment on behalf of his client.

Some health plans said an earlier set of problems involving incorrect plan details, such as the amount of copays for certain services, had been largely resolved following testing of the software. Molina Health Care Inc., which is planning to offer commercial health plans in seven states with federally run exchanges, "experienced a variety of challenges completing that testing, but we worked closely [with the federal health agency] to resolve the issues," said Laura Hart, a spokeswoman.

Ms. Hart said testing of the calculator feature hasn't yet been completed in six states where the U.S. will run exchanges, but went well in one.

Martin Hickey, chief executive of New Mexico Health Connections, a consumer-operated health plan created by the [health law](#), said that when his staff got its first look at the system that displays plan details about a

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month ago, there were a lot of errors, but he said they have since been fixed.

—Louise Radnofsky contributed to this article.

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 BY JULIET EILPERIN, AMY GOLDSTEIN AND SANDHYA SOMASHEKHAR

## Many foresaw health site jam

WHITE HOUSE TOLD OF SERIOUS FLAWS Obamacare officials pledge timely fixes

Major insurers, state healthcare officials and Democratic allies repeatedly warned the Obama administration in recent months that the new federal health-insurance exchange had significant problems, according to people familiar with the conversations. Despite those warnings and intense criticism from Republicans, the White House proceeded with an Oct. 1 launch.

A week after the federal Web site opened, technical problems continued to plague the system, and on Tuesday people were locked out until 10 a.m., although some applicants were able to sign up as the day went on. Officials said that they were working 24 hours a day to improve the system and that they were confident it would soon be able to meet the demand. They added that there was ample time to correct the site to allow consumers to get insured by Jan. 1.

"This is a question of volume and demand exceeding anything that people anticipated," said White House strategist David Simas, who is helping to oversee the law's implementation. "I am confident people are working through these issues. . . . It is steady improvement."

Rep. Robert E. Andrews (D-N. J.), who played a key role in passing the health-care law and has worked on its implementation, said he told White House officials early this summer he had been hearing from insurers that the online system had flaws.

"Nothing I told them ever surprised them," Andrews said in an interview. "The White House has acknowledged all along something this massive was going to have implementation problems."

Two allies of the administration, both of whom spoke on the condition of anonymity because of the controversy surrounding the rollout, said they approached White House officials this year to raise concerns that the federal exchange was not ready to launch. In both cases, Obama officials assured them there was no cause for alarm.

Robert Laszewski, a healthcare consultant with clients in the insurance industry, said insurers were complaining loudly that the site, at [www.healthcare.gov](http://www.healthcare.gov), was not working smoothly during frequent teleconferences with officials at the Department of Health and Human Services before the exchange's launch and afterward. "People were pulling out their hair," he said.

One senior administration official, who requested anonymity to describe the internal White House discussions, said the administration was prepared to encounter some challenges with the launch, "but we had a lot more traffic than we thought, and so discovered problems managing that load."

Administration officials continued Tuesday to decline to say how many people have gone through all the steps to pick a health plan through the Web site. They said they would give a monthly tally, probably starting in mid-November.

Last week, HHS and White House officials gave updates on the number of people who had logged onto the site, noting that 8.6 million unique visitors had logged on in the first three days and as many as 250,000 were on at one time. On Tuesday, an HHS official said that "an extraordinary number of people are coming to check out" the Web site, without offering specifics.

Republicans on the House Energy and Commerce Committee sent a letter to HHS Secretary Kathleen Sebelius on Tuesday demanding that she disclose exactly how many consumers have purchased health plans through the new exchanges.

Meanwhile, states continued to tout new data about the number of shoppers who had applied for health-insurance coverage on their Web sites.

California, which has the largest uninsured population in the country, said that more than 28,000 people completed applications for coverage during the first week. New York reported that more than 40,000 people have signed up for coverage. In the District, 1,112 applications have been submitted. Washington's state's marketplace, WA-Health Plan Finder, counted 9,452 enrollments through its site.

Andrews said concern over the law "has morphed from a political issue to a consumer issue in the past month." He said he spoke Tuesday with a constituent who was upset that he had not been able to get on the site. "But his reaction was not, 'Impeach the president,'" said Andrews, whose state relies on the federal exchange. "It was, 'Let's fix the site, and let me see what it means for me and my family.'"

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The Washington Post

Outside the White House, people familiar with the setup efforts had been warning of chaos in the days and months leading up to Oct. 1.

On Sept. 18, Louisiana's health and hospitals secretary, Kathy H. Kliebert, testified before a House subcommittee that the administration was giving confusing information and making last-minute changes that left the state scrambling. For example, she said, the Web site had long said that a woman could change insurance policies outside the open enrollment period if she were to become pregnant or have a baby. But shortly before the hearing that changed, to just having a baby.

"After seeking clarification, we've received multiple and conflicting answers from HHS officials," said Kliebert, an opponent of the law.

David Brailer, who worked as HHS's first national coordinator for health information technology during the launch of the Medicare drug benefit in 2006, said the administration could have anticipated that the opening of the federal exchange would trigger a rush of Americans onto the Web site, either as onlookers or outright buyers.

He pointed out that the exchange was built to accommodate 50,000 to 60,000 visitors at a time — fewer than half as many as the enrollment site for the Medicare drug benefit could handle. The number of older Americans eligible for the drug benefit was far greater than the group of uninsured people who will be allowed to buy insurance through the health exchange, Brailer said, but many elderly patients didn't have home computers at the time, compared with the near-universal access to the Web that exists across the United States today. For a new program that's had as much advertising as the Affordable Care Act, building a Web site for just 60,000 people at a time "is weird. The math just doesn't add up," he said.

John Engates, chief technology officer at service provider RackSpace, said the government should have been able to prepare for the type of traffic that the site has experienced.

"I think that any modern Web company would be well prepared for a launch of this scale," said Engates. "We're not talking about hundreds of millions of people and we're not talking about complex transactions. This isn't downloading full movies off of Netflix. The question I have is: Did they have enough time to prepare and did the people doing the work know what they were doing?"

Officials at HHS's Centers for Medicare and Medicaid Services oversaw the construction and operation of the Web site, and much of the work was conducted by contractors.

Aneesh Chopra, who served as White House chief technology officer from 2009 to 2012, defended the site's response to its initial problems, comparing it to the ones United and Continental airlines experienced when they combined their online reservation systems.

Health-insurance companies also have been having trouble accessing the parts of the site they need to find out who has enrolled in their health plans and to get payment information.

And some insurance brokers have been stymied in getting online authorization from the federal government to sell the health plans available through the exchange. "Agents are having just as much trouble accessing the online sites as consumers," said Kathryn Gaglione, a spokeswoman for the National Association of Health Underwriters.

Simas, the White House strategist, said the administration is proceeding with its plan to sign up Americans for insurance over a period of six months and will continue to monitor how it is proceeding.

"There is a plan; we will execute on the plan," he said. "One of the things we will do periodically is look at what we're doing and make adjustments based on what we are learning and seeing."

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