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A Review on the CMS and Peace Corps Matching Program

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Abstract

The Centers for Medicare & Medicaid Services (CMS) and the Peace Corps matching program is designed to verify eligibility for Affordable Care Act (ACA) premium tax credits and cost-sharing reductions by comparing Marketplace applicant information with Peace Corps volunteer records. This review examines the program's legal and regulatory framework, operational structure, benefits, and potential risks. The program can improve eligibility verification, reduce improper payments, streamline administrative processes, and lessen documentation burdens for consumers. At the same time, the exchange of personally identifiable information raises concerns related to privacy, cybersecurity, data retention, and the accuracy of automated matching. Particular attention is given to false-positive matches arising from the use of identifying information such as names and dates of birth, as well as the safeguards provided by the Privacy Act of 1974 and the Computer Matching and Privacy Protection Act of 1988. The review also considers the role of minimum essential coverage in determining Marketplace subsidy eligibility and the significance of accurate Peace Corps coverage-period information. Overall, the CMS and Peace Corps matching program represents an important mechanism for improving the accuracy and efficiency of ACA eligibility determinations. Its effectiveness, however, depends on continued oversight, appropriate data minimization, strong cybersecurity protections, and reliable verification procedures.

Keywords: CMS, Peace Corps, Affordable Care Act, Computer Matching Program, Premium Tax Credits, Minimum Essential Coverage, Health Insurance Marketplace, Eligibility Verification, Data Privacy, Cybersecurity, Cost-Sharing Reductions, Privacy Act.

Executive Summary

In June 2026, the Centers for Medicare & Medicaid Services (CMS) proposed the establishment of a computer matching program with the Peace Corps to verify eligibility for Affordable Care Act premium tax credits and cost-sharing reductions. The program will check Marketplace applicants against Peace Corps volunteer records, thus automatically disqualifying current and recently separated volunteers from receiving subsidies during their period of eligibility. The stakes for accurate eligibility determinations rose significantly in 2026, following the expiration of enhanced ACA subsidies at the end of 2025, which caused steep premium increases for many enrollees. There are numerous ways customers can gain from the implementation of this program. First, it would help prevent fraud by closing a gap in document oversight and lowering illegal payments before incorrect subsidies are ever given. By rerouting verifications through a single central hub rather than several, it would also improve administrative efficiency and streamline the subsidy process. Additionally, it would directly benefit consumers by lowering documentation requirements, giving them access to automated verifications, and shielding them from sudden tax obligations brought on by inaccurate eligibility judgments.

However, the program also has risks. Although its data-minimization approach can limit exposure, it cannot eliminate privacy concerns because its infrastructure requires records to be personally identifiable. Thus, cybersecurity and individual privacy remains a prevalent concern. Coupled with a long history of data breaches and natural interconnectedness, many may rightfully feel suspicious about the strength of the platform in protecting individual rights. This brief will explore the potential benefits and setbacks of the program, if implemented. It will evaluate the impact of the program on different groups of people and cover its likely implications. All in all, this program represents a meaningful addition to the overall goal of the ACA. It expands on its current eligibility verification infrastructure while keeping these additions modest and central to the CMS's goals. However, this program's ultimate effectiveness is contingent on consistent

agency compliance, regular oversight, and strict care.

Background

The Affordable Care Act

The Patient Protection and Affordable Care Act, enacted in March 2010 and later amended by the Health Care and Education Reconciliation Act, changed how people without job-based or public coverage buy insurance. It addressed a private individual market where insurers could deny applicants, charge more based on medical history, or exclude preexisting conditions. The ACA banned those practices, but a guaranteed-issue market is unstable if only those with physical or mental conditions enroll [1]. Congress paired guaranteed access with subsidies and an enrollment requirement so the system could sustain itself. The law also expanded Medicaid, requiring most plans to cover ten essential health benefit categories, eliminated annual and lifetime dollar limits, let young adults stay on a parent's plan until age 26, and required large employers to offer coverage to full-time employees [2].

Health Insurance Marketplace

Sections 1311 and 1321 required each state to establish a Health Insurance Marketplace, with the federal government operating one for states that declined [3]. Enrollment began in October 2013 and coverage in January 2014. Most states now use HealthCare.gov, while others run state-based exchanges, treating state Medicaid and CHIP agencies, as administering entities[4]. The Marketplace is a regulated shopping platform, not an insurer. Participating plans are certified as qualified health plans, must cover essential health benefits, and are grouped into metal tiers based on the share of expected costs the plan pays: roughly 60 percent for bronze, 70 for silver, 80 for gold, and 90 for platinum [5].This lets applicants compare premiums, networks, and deductibles on roughly equal terms and is also the only place where an applicant can receive the subsidies described below.

Premium Tax Credits and Cost-Sharing Reductions

The ACA created two forms of assistance. The premium tax credit, created by section 1401 and codified at 26 U.S.C. § 36B, reduces monthly premiums [6].Cost-sharing reductions, created by section 1402, lower deductibles, copayments, and out-of-pocket maximums for lower-income silver-plan enrollees [7].

The premium tax credit is unusual because most people receive it in advance. The Treasury pays the credit directly to the insurer each month, based on projected income and household circumstances, making front-end eligibility screening critical.

Overpayments are only recovered later if the enrollee files a return and reconciles the amount. A December 2025 GAO investigation found that roughly $21 billion in advance payments made in 2023, about 32 percent of payments to identifiable Social Security number holders, showed no evidence of reconciliation [8]. Front-end verification is therefore the main control. To qualify for the premium tax credit, the applicant must be lawfully present, not incarcerated, enrolled in a Marketplace qualified health plan, and file jointly if married. Household income must fall within the statutory range tied to the federal poverty level. Most important here, the applicant must not be eligible for other minimum essential coverage [9].

2026 Subsidy Landscape

The stakes rose sharply in 2026. The American Rescue Plan Act of 2021, extended by the Inflation Reduction Act of 2022, temporarily increased the credit by lowering required contributions at every income level and removing the 400 percent poverty cap, so no household paid more than 8.5 percent of income for benchmark coverage. Those enhancements expired on 31 December 2025 and were not renewed. In January 2026 the original structure returned, including the hard cutoff at 400 percent of poverty [10]. The impact was immediate as the KFF projected those premium payments would rise by an average of 114 percent for subsidized enrollees keeping the same plan, and its later analysis found that the share of Marketplace consumers receiving a premium tax credit fell from 92 percent in 2025 to 87 percent in 2026, the first decline since 2020 [11]. The largest drop occurred just above the 400 percent threshold, where assistance now ends entirely [12]. In 2026, a wrong eligibility decision has more financial impact than in the previous five years.

Minimum Essential Coverage

Qualifying Coverage

Minimum essential coverage is defined at 26 U.S.C. § 5000A(f) and sets the statutory floor for real health insurance. It includes government-sponsored programs such as Medicare Part A, most Medicaid, CHIP, TRICARE, veterans' health programs, and Peace Corps health benefit plans. It also includes employer-sponsored group coverage, individual market coverage bought on or off the Marketplace, grandfathered plans, and any other arrangement HHS recognizes [13].Several products do not count. Expected benefits are not minimum essential coverage. That includes standalone dental and vision plans, accident policies, critical illness and hospital indemnity products, and short-term limited duration insurance. These may provide some protection, but they do not satisfy the standard and do not affect subsidy eligibility [14].

Individual Mandate

Section 5000A originally required most individuals to maintain minimum essential coverage, qualify for an exemption, or make a shared responsibility payment on their federal return. The Tax Cuts and Jobs Act of 2017 reduced that payment to zero beginning with the 2019 tax year. That ended the federal penalty in practice, but the statute remained [15]. Two consequences followed. First, several jurisdictions adopted their own mandates and still enforce penalties, including Massachusetts, New Jersey, California, Rhode Island, and the District of Columbia [16]. Second, minimum essential coverage still matters for subsidy eligibility. Eliminating the penalty did not change the rule that access to qualifying coverage disqualifies someone from federal help buying more.

Blocking Subsidy Eligibility

This is the key role in the matching program. Under 26 U.S.C. § 36B(c)(2)(B), a month does not count for the premium tax credit if the individual was eligible for other minimum essential

coverage during that month [17]. The purpose is targeting, not punishment. The credit is meant for people who lack another realistic path to comprehensive insurance. Someone already entitled to comprehensive federally sponsored coverage has such a path, and giving them a second federal subsidy would duplicate spending and reduce aid for applicants with no alternative. Two details matter. First, for government-sponsored coverage, eligibility alone is enough. Under 26 CFR § 1.36B-2(c)(2), a person becomes ineligible once they meet the program's eligibility criteria, whether or not they enroll [18].A Peace Corps Volunteer entitled to the Peace Corps health benefit plan is therefore ineligible for a premium tax credit even if they never use the coverage. Veterans' health programs are the main exception, because actual enrollment is required before VA coverage disqualifies someone [19]. Second, the test is monthly. The regulation at 26 CFR § 1.36B-3(c)(1)(iii) asks whether the person was eligible for other coverage for the full calendar month [20]. Eligibility can therefore change from month to month. That is why the Peace Corps file reports the dates a volunteer was eligible for coverage instead of the dates they received care.

Employer Coverage and the Affordability Test

Employer-sponsored coverage follows a more flexible rule. An offer of job-based coverage blocks subsidies only if it is both affordable and of minimum value. In 2026, coverage is affordable if the employee's share of the premium for the lowest-cost self-only plan does not exceed 9.96 percent of household income [21]. It provides minimum value if it covers at least 60 percent of expected costs [22].

An employee may decline the offer, but if it meets both tests, they cannot receive Marketplace subsidies. If the offer fails either test, they may still claim assistance. Since 2023, family members can also qualify when family coverage is unaffordable, even if self-only coverage would have passed [23]. The contrast with the Peace Corps rule is clear: employer coverage depends on affordability, while government-sponsored coverage disqualifies automatically because it carries no premium to weigh.

Enrollment Windows

Marketplace enrollment is usually limited to an annual open enrollment period. For 2026 coverage, this ran from 1 November 2025 through 15 January 2026 in most states, with selections made by 15 December effective 1 January and later selections beginning 1 February. Several state-based exchanges used later deadlines [24]. A 2025 federal rule that would have shortened future enrollment periods was vacated in June 2026, leaving the 2027 schedule unsettled [25].Outside open enrollment, an applicant needs a special enrollment period triggered by a qualifying life event such as marriage, birth, a permanent move, or loss of coverage. Loss of minimum essential coverage is itself a qualifying event and generally creates a 60-day window before and after the loss. This gives minimum essential coverage a dual role. While a person has it, it blocks subsidies. When it ends, the loss can trigger a special enrollment period and unlock subsidy eligibility. A record showing only current coverage would miss that second function, which is why the Peace Corps file reports coverage periods with start and end dates.

Peace Corps Health Benefits

Volunteer Eligibility

Congress created the Peace Corps in 1961 under the Peace Corps Act, now codified at 22 U.S.C. § 2501 and following. Eligibility is narrow as Under 22 CFR § 305.2, an applicant must be a United States citizen or national before entering duty and must be at least 18 years old.There is no degree requirement. Candidates still undergo suitability review and must receive medical and legal clearance before serving. The standard commitment is 27 months, usually about three months of training plus two years of service, though shorter 15-month assignments now exist for some posts. Volunteers receive housing, a living allowance tied to local costs, paid leave, and a readjustment allowance at the end of service under 22 U.S.C. § 2504(c).

Coverage During Service

Under 22 U.S.C. § 2504(e), the Peace Corps must ensure that volunteers receive all necessary or appropriate health care during service. It does this directly, not through commercial insurance. Volunteers receive comprehensive medical and dental care with no premium and no cost-sharing, delivered through Peace Corps Medical Officers and, when needed, evacuation to regional facilities or the United States. If a condition cannot be supported at a post, the applicant may be found medically unqualified for that assignment. This coverage is minimum essential coverage. Congress named the Peace Corps plan directly in the tax code: 26 U.S.C. § 5000A(f)(1)(A)(vi) includes a health plan under 22 U.S.C. § 2504(e), and 26 CFR § 1.5000A-2(b)(1)(vi) repeats that reference. No separate agency determination is needed. A volunteer who applies for Marketplace subsidies during service does not qualify.

Coverage After Service

Coverage ends when service ends, and the replacement coverage is different. The matching agreement notes that 22 U.S.C. § 2504(e) limits Peace Corps coverage to current volunteers. Returned volunteers receive Short-term Health Insurance For Transition and Travel, with the Peace Corps paying the first month's premium and the volunteer able to buy up to two additional months. Separate mechanisms address service-related conditions, including Peace Corps medical authorizations and Federal Employees' Compensation Act benefits.

That transitional policy is short-term limited duration insurance and therefore is not minimum essential coverage. The Peace Corps says so directly in its guidance and tax materials. A returned volunteer holding it is treated as someone who has recently lost minimum essential coverage. That makes the person eligible for a special enrollment period and, subject to income and the other conditions above, for premium tax credit assistance. This is why the matching program covers both active volunteers and recently separated ones, and why accurate coverage end dates matter so much.

Legal and Regulatory Framework

Privacy Act of 1974

The Privacy Act of 1974 was created due to concerns related to federal recordkeeping raised after the Watergate scandal. Addi-

tionally, it was based on the 1973 report of the Department of Health, Education and Welfare (HEW) in which a "Code of Fair Information Practices" was introduced. The legislation, adopted in 1974, was overseen by the Office of Management and Budget (OMB) without establishing any new privacy agency, explaining why revenue-collecting agencies use the guidelines by OMB in their matching programs.

According to 5 U.S.C. § 552a, the Act applies to systems of records. This phrase refers to the set of records that may be retrieved by an agency by way of an individual's name or other personal identifier. It is the underlying principle of both systems that are mentioned in the CMS notice: the CMS Health Insurance Exchanges System and the Peace Corps's Volunteer Applicant and Service Records System (PC-17). The general rule of the law holds that the records maintained by one agency cannot be transferred to another without the specific consent of the individual unless there is a statutory exception making it lawful. This obligation is important because the Peace Corps cannot move volunteer eligibility information to CMS's system without a lawful basis for doing so. The legal exception in question, a matching program conducted under the procedures in subsections (o), (p), and (u), was introduced over fourteen years later.

Enforcement: Civil and Criminal Liability

The Privacy Act is not a theoretical concept; it provides individuals with a right of action against federal agencies. As referenced in 5 U.S.C. § 552a(g), an individual can bring a lawsuit against an agency in a federal district court to access or change records, and in certain cases, to recover damages for failure to comply with the Act. Generally speaking, modification and access lawsuits require the party to use the agency's internal process first. Contrary to this, damages lawsuits do not impose this requirement. All actions must be commenced within two years from the time of the commission of the offense. If the court determines that the agency acted intentionally or willfully, it is liable for actual damages or, at a minimum, for $1,000, plus reasonable attorney fees and litigation costs.

Additionally, this Act provides support for civil action through a limited criminal remedy. An agency official or employee who reveals confidential information in a knowing and deliberate manner, or who intentionally uses any recording system without appropriately notifying the Federal Register, may be charged with a misdemeanor, subject to a penalty of up to $5,000. Such penalties also extend to whoever obtains other people's records deceitfully. Practically, this means an applicant whose Peace Corps match is mishandled under this program is not limited to filing an internal complaint, and a CMS or Peace Corps employee who mishandles the data is not limited to internal discipline.

The Computer Matching and Privacy Protection Act of 1988

Despite the 1974 Act's provisions on disclosure of information, it did not establish procedures regarding the practice of matching records from two or more sources. This practice began in 1977, when the Department of Health, Education and Welfare began operating the program known as the "Project Match." This program was designed to carefully utilize federal payroll records to identify welfare beneficiaries who also had an employment relationship with the federal government. While Project Match proved successful in its aim, it revealed the deep conflict between two groups: privacy advocates, who felt that such matching practices were made at the expense of privacy, and the proponents of the matching practices, who viewed them as efficient means to identify cases of fraud that would otherwise be impossible to reveal in a manual, step-by-step investigation.

The number of programs using matching practices continued to grow, making Congress consider the necessity of adopting matching-specific procedures. By the mid-1980s, matching had become an essential component of a variety of federal programs, leading Congress to determine that the general rules of the Privacy Act were not crafted to accommodate matching. This resulted in the enactment of CMPPA (Pub. L. 100-503), which amended 5 U.S.C. § 552a to incorporate matching-specific protocols. Two years later, Congress returned to the due-process piece in Section 7201 of the Omnibus Budget Reconciliation Act of 1990 (Pub. L. 101-508), which tightened the independent-verification requirement.

What Counts as a Matching Program?

CMPPA does not apply to every government data comparison; the law defines "matching program" at 5 U.S.C. § 552a(a)(8) as a computerized comparison of records used to establish or verify eligibility for a federal benefit program or to recover payments under such a program. The law further specifies exceptions even if they meet the definition: comparisons that produce aggregates of data without identifying individuals, comparisons made for research projects not affecting anyone's rights or benefits, comparisons that do not adversely affect federal employees, law enforcement and security comparisons, tax-related comparisons, and a limited number of comparisons involving prisoners made by the Social Security Administration. The CMS-Peace Corps program does not fall within any of these statutory exemptions. It exists precisely to verify eligibility for a federal benefit — the premium tax credit — and its output can reduce or end an individual's financial assistance. This is the reason the program cannot proceed on an informal data-sharing arrangement between CMS and the Peace Corps and must instead run the full CMPPA process detailed in Section 5.

What CMPPA Requires

CMPPA changed computer matching from an informal process to a specific one. Before a match can be conducted, the source agency (the Peace Corps) and the recipient agency (the CMS) must create a matching agreement in writing that indicates what records will be exchanged, why they are being exchanged, and the measures that will be taken concerning the exchange. That agreement must be approved by every data integrity authority in the Data Integrity Board of each agency before it is put into action. The Data Integrity Board is a supervisory organization that was created by the CMPPA. Each agency must have its own Data Integrity Board composed of senior officials, including the Inspector General. Every Data Integrity Board has 60 days to approve a matching agreement, and a match must be published in the Federal Register.

Additionally, two more rules complete the structure. First, CMPPA usually requires a cost-benefit analysis showing the program's value outweighs the costs before the board can approve an agreement, according to § 552a(u)(4)(A). However, the law allows the board to waive this requirement under § 552a(u)(4)(B) if the cost-benefit analysis is not cost-effective or does not serve the public interest. Second, once an agreement is authorized, there is no automatic use of a match against anyone. The normal procedure is that the agency needs to validate a match independently before revoking, decreasing, or denying any benefit. In the amendments of the 1990s, Congress made due process stricter, but the law gives the Board two pathways: it can either ask for manual verification of every single case or waive that step under § 552a(p)(1)(A)(ii) if the Board writes that it is satisfied with the source data. None of these procedures – agreement, Board, cost-benefit analysis and waiver, verification requirement with one more waiver – existed in the initial text of the 1974 Privacy Act. They became possible due to the 1988 amendments that were designed specifically for programs in which information of one agency is matched against the pool of applicants from another agency.

Compliance in Practice

The framework above describes the law on paper. Agency practice has not always matched it. A 2014 GAO review of seven agencies running matching programs found inconsistent implementation of CMPPA across the board: agencies disagreed about whether the Act even applies to "front-end verification" — checking a single applicant's eligibility against another agency's data at the moment they apply, rather than batch-comparing entire systems of records — with three of the seven agencies GAO reviewed taking the position that such checks fall outside CMPPA entirely. GAO traced the disagreement to OMB's own guidance, which gives examples of covered front-end verification programs but never states outright whether real-time eligibility queries are covered.

The same report found agencies' cost-benefit analyses inconsistently addressed the elements needed to actually judge a match's value, and that Data Integrity Boards did not consistently file the annual reports CMPPA requires. This matters as the CMS-Peace Corps program is, functionally, exactly the kind of front-end verification GAO found agencies disagreeing about- an applicant's eligibility is checked against Peace Corps data through the Federal Data Services Hub at the point they apply for Marketplace subsidies. CMS's decision to run this program as a fully compliant matching agreement, rather than treat it as an ambiguous front-end query outside CMPPA's reach, is therefore a meaningful compliance choice rather than an automatic one. It is worth keeping GAO's findings in mind when evaluating the risks and benefits later in this brief: the statutory framework is only as protective as an agency's willingness to apply it, and GAO's record suggests that willingness has varied.

Notice Overview

Intended Purpose

CMS published the notice in the Federal Register on 30 June 2026, opening a public comment period that closes on 30 July 2026. The notice re-establishes a computer matching program with the Peace Corps titled "Verification of Eligibility for Minimum Essential Coverage Under the Patient Protection and Affordable Care Act through a Peace Corps Health Benefit Plan." CMS is the recipient agency and the Peace Corps is the source agency. The main authority is 42 U.S.C. § 18001 and following, with operational authority from ACA sections 1411 and 1413, which require a system for determining eligibility for advance premium tax credits and cost-sharing reductions and authorize secure electronic interfaces for that purpose. The program exists to help CMS decide whether an applicant is eligible for financial assistance in buying private health insurance. In practical terms, it asks one narrow question: was this person eligible for a Peace Corps health benefit plan, and if so, during what dates? This is a re-establishment, not a new initiative. The underlying computer matching agreement is CMA 2308, which ran from 1 January 2024 to 30 June 2025 and was renewed through 30 June 2026. Comparable arrangements have existed since at least 2016.The Peace Corps is one of seven federal trusted data sources CMS matches against, alongside the IRS, DHS, SSA, OPM, the Veterans Health Administration, and the Department of Defense, with a separate agreement for state administering entities.

Scope of Information Sharing

The notice defines the exchange narrowly, and the limits matter as much as the permissions. The Peace Corps sends CMS daily files identifying all volunteers and the dates each volunteer was eligible for coverage under a Peace Corps health benefit plan. The transmitted records are limited to identity and minimum essential coverage period data, consisting of last name, middle initial, first name, and date of birth. No Social Security numbers, addresses, medical information, or financial data are exchanged. The flow is one-way. CMS sends no applicant or enrollee data to the Peace Corps in return.

The agreement adds a few operational details. The transmission runs five days a week, Monday through Friday, including federal holidays, through secure file transfer using a validated encryption module. Each file includes all active volunteers and all volunteers who left service within the previous five months. The Peace Corps estimates that each file contains data on roughly seven to eight thousand people. The agreement also uses the phrase "may include, but is not limited to," so the notice's list should be read as expected content, not an absolute cap. Two groups are affected. The first is active and recently separated Peace Corps volunteers, whose data the Peace Corps supplies. The second is Marketplace applicants and enrollees, plus relevant household members, whose records are checked against the file. The second group is much larger, since every applicant is screened even though only a small number will match.

The relevant systems of records are the CMS Health Insurance Exchanges System, System No. 09-70-0560, and the Peace Corps Volunteer Applicant and Service Records System, PC-17. The agreement runs for an initial 18-month term, from about 1 July 2026 through 31 December 2027, and may be renewed once for up to 12 additional months if neither party changes it and

both certify compliance. That 18-plus-12 structure is required by the Computer Matching and Privacy Protection Act.

Matching Process

The process is sequential and allows for functioning safeguards. The Peace Corps compiles and sends a daily file of volunteers and their coverage eligibility dates to CMS. CMS does not send that file directly to each administering entity. Instead, it loads the data into the Federal Data Services Hub, the centralized platform built under ACA section 1413 so administering entities can access trusted data sources through one secure interface. Administering entities never query the Peace Corps directly. When someone applies for coverage with financial assistance through HealthCare.gov or a state exchange, the application collects identifying information and the applicant attests that they are not eligible for other minimum essential coverage. The administering entity then queries the Hub, which checks the application against the trusted data sources, including the Peace Corps file. Because CMS operates the federally facilitated exchange itself, it is both the Hub operator and, in most states, the entity relying on the result. If the attestation matches the Peace Corps data, eligibility processing continues normally, which is the usual outcome. If the data show that the applicant was eligible for a Peace Corps health benefit plan during the period for which they are seeking assistance, the system generates a data matching issue, also called an inconsistency.

An inconsistency is not a denial as under 45 CFR § 155.315(f), the exchange must notify the applicant and allow 90 days from the notice date to provide satisfactory evidence or otherwise resolve the issue. The applicant may enroll and may receive advance payments during that period, subject to later reconciliation at tax filing. Only if the inconsistency remains unresolved does the exchange adjust or end assistance. This sequence implements 5 U.S.C. § 552a(p), which requires independent verification before adverse action and gives the person an opportunity to contest the finding. Afterward, the Privacy Act's disposition rules apply. CMS keeps the electronic files only as long as needed to process the match, then destroys them by electronic purging, unless retention is required for enrollment, billing, payment, audit, or legal evidentiary purposes, in which case the records are retired under an approved schedule. The agreement also says CMS will not create permanent files or a separate system made solely of Peace Corps data. Unauthorized use or disclosure can trigger a civil penalty of up to $25,000 per instance under ACA § 1411(h)(2) and 45 CFR § 155.285, and either party must notify the other within one hour of a breach.

Statutory Compliance

The notice reflects the five Privacy Act obligations that govern matching programs. CMS and the Peace Corps must execute a written agreement approved by each agency's Data Integrity Board and transmitted to Congress and OMB, with public availability, under 5 U.S.C. § 552a(o), (u)(3)(A), and (u)(4). Individuals whose information will be used must be told that what they provide is subject to verification through matching, under § 552a(o)(1)(D). In practice, that notice appears in the Privacy Act statement on the Marketplace application. Match results must be independently verified before any adverse action, under § 552a(p). The program must also be reported to Congress and OMB in advance and annually, under § 552a(o)(2)(A)(i), (r), and (u)(3)(D). Finally, advance notice must be published in the Federal Register under § 552a(e)(12), which is why the public comment period runs through 30 July 2026.

One additional requirement does not appear in the notice but is met in the agreement itself. Section 552a(u)(4)(A) requires a cost-benefit analysis before approval. CMS prepared one analysis for this program and the seven other Marketplace matching programs. Its conclusion is blunt: the eight programs cost about $58.9 million annually, and the analysis does not quantify offsetting monetary benefits because, in CMS's words, the Marketplace matching programs are not intended to avoid or recover improper payments. CMS and the Peace Corps therefore asked both Data Integrity Boards to waive the requirement under § 552a(u)(4)(B) and approve the agreement on other grounds. Matching is effectively required by ACA § 1413's single streamlined application, it improves speed and accuracy, it reduces administrative burden, it benefits consumers by determining eligibility correctly, it supports enrollment and coverage gains, and the Hub is cheaper than building direct agency-to-agency connections for every source.

CMS also pays the Peace Corps nothing for this data, unlike some other reimbursable arrangements, so the marginal cost here is very low. This is not a fraud-recovery program because match results are not used to recoup past improper payments. The program is best understood as an accuracy and enrollment measure that prevents some improper payments as a byproduct.

Key Design Features

Three features distinguish this program from the others in the same architecture. First, the data set is unusually narrow. Four identity fields and coverage dates are close to the minimum needed to answer the program's question. A separate CMS notice published on 7 July 2026 for the Veterans Health Administration match includes Social Security numbers, sex, and state identification in both directions. The Peace Corps program transmits none of those. That narrowness has a cost which will be explored more in section 7.3. Matching on name and date of birth without a unique identifier is less precise than matching on Social Security number, so false positives are more likely for people with common names.

Second, the population is small but the timing is sensitive. Each file covers about seven to eight thousand people, a tiny share of the roughly twenty-four million people enrolled through the Marketplaces in recent years. The daily transmission is justified because Peace Corps eligibility begins and ends on specific dates, and those dates determine both subsidy ineligibility for current volunteers and subsidy eligibility for recently separated ones.

Benefits

The CMS and Peace Corps matching program, while modest in scope relative to the broader ACA Marketplace verification

infrastructure, delivers several tangible and important benefits. These benefits span fraud prevention, administrative efficiency, consumer protection, and program integrity; the program operates within a carefully calibrated framework that achieves these benefits while minimizing the privacy intrusions previously discussed.

Fraud Prevention and Improper Payment Reduction

The program's foremost integrity benefit is preventing improper federal expenditures by ensuring that individuals with access to alternative Minimum Essential Coverage do not receive duplicative subsidies. Under 26 U.S.C. § 36B(c)(2)(B), a month does not count for the premium tax credit if the individual was eligible for another MEC during that month. The Peace Corps health benefit plan, expressly listed at 26 U.S.C. § 5000A(f)(1)(A)(vi) as qualifying MEC automatically disqualifies a volunteer from receiving advance premium tax credits or cost-sharing reductions. Eligibility alone not enrollment triggers disqualification under 26 CFR § 1.36B-2(c)(2), making accurate frontend verification essential. This verification function is particularly consequential given the scale of improper payments across federal health programs.

In fiscal year 2025, 15 federal agencies reported an estimated $186 billion in improper payment across 64 programs and also an increase of $24 billion from the prior fiscal year. Since the fiscal year 2003, cumulative improper payment estimates by executive branch agencies have totaled approximately $3 trillion. Approximately 82 percent of the $186 billion about $153 billion resulted from overpayment, including payments to individuals who were ineligible for federal assistance notably 73 percent of reported errors were concentrated within just five program areas with health programs bearing a disproportionate share of the improper payment burden. The matching program addresses the specific integrity challenges identified by the Government Accountability Office in the advanced premium tax credit program. GAO's preliminary analysis of tax year 2023 data could not identify evidence of reconciliation for over $21 billion in APTC for enrollees who provided Social security numbers to the federal Marketplace that is representing approximately 32 percent of all APTC paid to identifiable SSN holders. GAO's covert testing further revealed that the federal marketplace approved subsidized coverage for all four fictitious applicants in plan year 2024 and 18 of 20 in plan year 2025. These findings underscore that frontend verification the function this matching program serves is not merely administrative but represents a critical safeguard against improper payments that the reconciliation process alone has proven unable to catch.

The program prevents improper payments at the point of eligibility determination rather than attempting recovery afterward a more cost-effective approach that aligns with the Payment Integrity Information Act of 2019's emphasis on prevention as GAO has observed, "reducing improper payments is critical to safeguarding federal funds." The 2026 subsidy landscape makes frontend verification even more consequential enhanced premium tax credits established by the American Rescue Plan Act of 2021 and extended through 2025 by the Inflation Reduction Act expired on December 31, 2025. Effectuated ACA Marketplace enrollment declined from 22.3 million in 2025 to an estimated 17.5 million in 2026.

Premium payments from enrollees increased by an average of 58 percent from $113 to $178 per month while those who remained in the same plan experienced an average 114 percent increase. A disproportionately large share of the enrollment drop, 27 percent occurred among individuals with incomes just above the subsidy cliff (400–500 percent of the federal poverty level) , a group that constituted just 3 percent of plan selection in 2025. Average Marketplace deductibles increased by 37 percent more than $1,000 per person to a record high of $3,786 in 2026. Starting in January 2026 only those with income between 100 and 400 percent of the federal poverty level without access to other minimum essential coverage are eligible for APTCs. With subsidy dollars more scarce and more consequential accurate screening against Peace Corps MEC eligibility has greater financial impact than in early years.

Administrative Efficiency

The matching program substantially reduces administrative burden through centralized, automated verification. Under ACA section 1413, Congress required a single, streamlined application process for determining eligibility across all state health subsidy programs. The Federal Data Services Hub, a secure and centralized platform operated by CMS, provides one interface through which administering entities access trusted data sources, including Peace Corps records. Administering entities never query the Peace Corps directly; instead, the Federal Data Services Hub routes all verification requests, ensuring consistent security protocols, data standards, and audit trails. The operational efficiency gains are substantial. Absent the Federal Data Services Hub, each state administering entity would need separate matching arrangements and direct connections with each federal partner. This would multiply agreements, data transmissions, systems to maintain and secure, and copies of data to correct when errors are identified.

CMS estimates that all eight Marketplace matching programs including this one cost approximately $58.9 million annually to operate, internal CMS costs for federal staff are roughly $2.0 million per year, with external Federal Data Services Hub operations accounting for the remainder. The Peace Corps provides its data at no cost to CMS, making the marginal cost of this particular match exceptionally low relative to its integrity benefits. This cost structure is consistent with broader federal efforts to leverage existing infrastructure rather than building duplicative systems, a principle reflected in OMB Circular A-130's emphasis on shared services and information resource management.

Consumer Benefits

The matching program provides significant benefits to consumers as explicitly recognized in the Computer Matching Agreement: "The matching programs provide a significant benefit to the public by allowing CMS and AEs to quickly and accurately

determine consumer eligibility for QHPs and IAPs while minimizing consumer burden."

Accurate Eligibility Determinations

The matching program ensures that applicants receive the correct level of financial assistance, using verified data from Peace Corps records in combination with applicant attestations is more reliable than relying solely on selfreported information. This accuracy protects consumers from both underpayment receiving less assistance than entitled and overpayment, which must later be reconciled with the IRS and may result in unexpected tax liabilities. Starting in January 2026 only individuals with income between 100 and 400 percent of the federal poverty level without access to other minimum essential coverage are eligible for APTCs. Accurate verification against Peace Corps records ensures that eligibility determinations are correct at the point of application, reducing the likelihood of costly reconciliation surprises at tax filing.

Streamlined Application Process

The single, streamlined application enabled by the matching program means consumers do not need to independently research or document their Peace Corps coverage status. The verification happens automatically behind the scenes through the Federal Data Services Hub, eliminating the burden of locating and submitting documentation of Peace Corps service and coverage periods. This aligns with the ACA's statutory objective of reducing administrative complexity for consumers navigating the health insurance marketplace.

Protection from Fraudulent Enrollment

By requiring that personal information provided on an eligibility application match known data on the individual the matching program mitigates the risk of fraud and abuse by applicants or third parties. This is particularly important given GAO's findings regarding the persistence of fraud risks in the advanced premium tax credit program, which identified vulnerabilities related to potential SSN misuse and likely unauthorized enrollment changes in federal Marketplace data. When a data matching issue arises where an attestation is inconsistent with verified data the Marketplace generates a data matching issue that requires consumers to submit additional information through an alternate verification process before assistance is finalised.

Program Integrity and Public Trust

The matching program strengthens public trust in participating agencies as stewards of taxpayer dollars. The Government Accountability Office has documented those improper payments "have consistently been a government-wide issue" and that "reducing improper payments is critical to safeguarding federal funds." Front end verification is the primary control against improper payments, particularly given that advance premium tax credits are paid directly to insurers based on projected eligibility, with reconciliation occurring only at tax filing. As GAO's findings of over $21 billion in unreconciled APTC demonstrate, reliance on after-the-fact reconciliation alone is insufficient. The program also provides procedural protections that enhance fairness. Under 45 CFR § 155.315(f), when a match inconsistency arises, the exchange must notify the applicant and allow 90 days from the notice date to provide satisfactory evidence or otherwise resolve the issue. The applicant may enroll and may receive advance payments during that period, subject to later reconciliation at tax filing. Only if the inconsistency remains unresolved does the exchange adjust or end assistance.

This verification-before-adverse-action requirement, mandated by 5 U.S.C. § 552a(p), ensures that consumers are not wrongly denied assistance due to matching error, a protection that distinguishes this program from fraud detection programs that may take adverse action before providing an opportunity to contest.

Minimal Cost

The CMS Peace Corps matching program operates at minimal cost to the government and none to consumers. The Peace Corps provides data files at no charge to CMS and the marginal cost of adding Peace Corps as a trusted data source to the existing Hub infrastructure is negligible relative to the total $58.9 million annual cost of all eight Marketplace matching programs. Consumer opportunity costs estimated at $42.02 per application based on 1.5 hours of time at $28.01 per hour represent the time spent completing the streamlined application, not a direct cost of the matching program itself. In a fiscal environment where federal improper payments total $186 billion annually with health programs bearing a disproportionate share, this low cost verification mechanism represents a sound investment in program integrity.

Risks

Privacy Implications

Although the computer matching program between the Centers for Medicare & Medicaid Services (CMS) and the Peace Corps is structured to comply with the Privacy Act of 1974 and The Computer Matching and Privacy Protection Act of 1988, data sharing between agencies inherently raises privacy concerns regarding the spread of personal information. Specifically, the program requires the Peace Corps to share daily records identifying all Peace Corps volunteers and the dates when each volunteer was eligible for coverage to the CMS and state administering entities.

Limits of Data Minimization

The retention of unnecessary data can lead to countless risks associated with data storage and handling including privacy breaches, identity theft, and unauthorized access. Data minimization, a widely recognized principle of data protection and privacy regulations, requires organizations to gather and retain only the information necessary for an intended purpose and aims to minimize these risks. The National Institute of Standards and Technology (NIST) supports the use of data minimization in the design of identity and matching systems to prioritize protecting users' privacy. Limiting available information can therefore reduce the risk and damage that could come from data exposure.

The CMS and Peace Corps matching program generally follows the principle of data minimization by limiting information transfer to an individual's period of eligibility for health coverage and four additional data elements: last name, middle initial, first

name, and date of birth. Contrary to other federal matching programs that transfer social security numbers, financial information, and taxable benefits, it seems as if this agreement transfers less data. However, the records still include personally identifiable information under the Privacy Act as they can still be linked to specific individuals and Marketplace applicants. This risk becomes amplified when combined with additional government records from federal and state entities, as noted by the US Office of Management and Budget, and will be expanded on in Section 7.2.2. As a result, while the program reduces the amount of information transferred, it cannot eliminate privacy concerns that arise whenever personal information is routinely shared.

Secondary Use and Data Retention

A prominent concern in data matching programs is the opportunity for secondary use, in which personal information collected for one government program is later used for another. This practice can threaten civil liberties, erode public trust, and increase the risk of false positives. In this matching program, the Peace Corps collects and shares volunteer records with the CMS to verify the eligibility for premium tax credits and cost reductions under the Affordable Care Act (ACA).

The matching agreement attempts to limit possible concerns by restricting the use of Peace Corps records to eligibility verification and prohibiting the CMS from creating a permanent database as explained in Section 4.3. In addition, the CMS states that electronic matching files will be destroyed once they are no longer needed unless retention is required for enrollment, billing, payment, program audit, or legal evidentiary purposes. Despite this, the exceptions permit retention for various administrative or legal functions which mean that records may remain in federal information systems even after the completion of eligibility verification. The 2018 data breach of HealthCare.gov, a health insurance marketplace managed by the CMS, highlighted systemic vulnerabilities regarding data retention within federal infrastructure. This breach affected around 75,000 people and exposed personal information including the last four digits of Social Security numbers, insurance plan details, and more. Therefore, continued oversight and effective regulation measures regarding secondary use and retention is crucial to ensure that personal information is only used for intended purpose and is not held on to longer than necessary.

Cybersecurity and Information Security Challenges

As federal agencies begin to increasingly rely on automatic verification and data sharing, cybersecurity has become a crucial component in protecting personal and federal information. While privacy measures are able to control how agencies collect and use data, cybersecurity measures are used to protect the information from escalating cyber and artificial intelligence risks.

Data Protection and Encryption

The matching program between the CMS and Peace Corps depends on the daily electronic transfer of personal information between government and state administrating entities. This transfer occurs Monday through Friday through a validated encryption module as explained above in Section 5.2. Additionally, unauthorized use or disclosure may trigger a civil penalty and either party must notify the other within one hour of a breach. In accordance, the National Institute of Standards and Technology (NIST) supports the use of encryption, network authentication, and continuous monitoring as fundamental elements in protecting federal information and data. While these safeguards may reduce the likelihood of unauthorized interception while information is transmitted between agencies, encryption is primarily used to protect data during transit and cannot guarantee protection when that data is stored within federal databases unless a separate encryption at rest mechanism is present.

Even if effective encryption methods are implemented, systems still remain vulnerable to large scale cyber/credential attacks. For example, during the 2015 Office of Personnel Management (OPM) breach, hackers were able to bypass encryption mechanisms by using stolen administrative credentials, compromising sensitive information of over 22 former and current federal employees. This example was prominent in highlighting the vulnerability of government systems to coordinated cyber threats. Furthermore, both agencies involved in this matching program have faced breaches and infrastructure risks. In 2024, a contractor working with the Center for Medicare and Medicaid Services (CMS) identified that an unauthorized third party had accessed sensitive data due to a vulnerability in a file transfer software being used. The compromised information included names, social security numbers, taxpayer identification numbers, health insurance claims, and more. These examples emphasize that continued protection therefore depends on secure access, authentication procedures, while emphasizing the importance of active monitoring across every participating agency.

Risks of Interconnected Systems

Although the information transferred under this program seems minimal compared to previous matching programs, the records still contain personal information that could be valuable if compromised. Due to the fact that the Peace Corps shares records with the CMS and other state administering entities, cybersecurity becomes a shared responsibility across interconnected systems instead of the responsibility of one agency. Therefore, a vulnerability affecting one system could potentially disrupt eligibility verification of accidentally exposed sensitive information. This risk becomes amplified by the threat of lateral movement, a technique in which cybersecurity attacks infiltrate a low security entry point and move sideways to explore the network's servers and data. This allows attackers to establish consistent and hidden access to a system, making it harder to kick them out. As federal systems continue to expand and rely on automatic transfers, agencies must stay active in updating security protocols and monitoring cyber threats. Maintaining effective cybersecurity measures is not only essential in protecting personal information but preserving transparency and public confidence in the reliability of federal matching systems.

Inaccuracy of Eligibility Determinations

The CMS and Peace Corps matching program reveals a significant tradeoff between privacy protection and the maintenance of eligibility verification accuracy. By limiting the amount of in-

formation transferred, the precision of automated record matching is reduced, which can lead to false results with people with common names or nonunique identifiers. Consequently, false positives remain a risk that could affect Marketplace eligibility determinations.

False Positives

False positives occur when something is incorrectly identified as a match, leading to unnecessary actions or consequences. In the context of this matching program, inaccurate matches could identify an individual as eligible for minimum essential coverage, which would affect the determination of tax credits or cost sharing reductions. Contrary to common matching programs that rely on social security numbers or various unique identifiers, this agreement relies on an individual's first name, middle initial, last name, and date of birth. Many factors can contribute to false positives including common names, data errors, or outdated records.

In this matching program, applicants have to be notified of data matching errors and are generally provided a 90-day period to submit documentation or otherwise resolve the issue before financial assistance is adjusted or denied. Additionally, the Privacy Act requires agencies to verify match findings before taking adverse action against an individual. These procedural protections substantially reduce the likelihood that a false positive will immediately result in the loss of benefits. As automated eligibility verification continues to expand across federal benefit programs, maintaining accurate records and consistently evaluating matching algorithms remains essential to minimizing errors.

Conclusion

The CMS and Peace Corps matching program is designed to determine individual eligibility for Minimum Essential Coverage under the Patient Protection and Affordable Care Act. By allowing CMS to verify eligibility for Peace Corps health benefits through a standardized process, the program improves the accuracy of subsidy determinations, creates a streamlined application process, reduces consumer burden, and helps prevent fraudulent enrollment. Although the program presents concerns regarding privacy, cybersecurity, and the potential for incorrect matches known as false positives, the large majority of these risks are mitigated through safeguards established by the Privacy Act of 1974 and the Computer Matching and Privacy Protection Act of 1988. Overall, we conclude that the benefits of the continuation of this matching program outweighs the risks discussed, providing that the CMS and Peace Corps continue to maintain active oversight against the evolving digital landscape and its risks.

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