

eCBSV Industry Call

Good afternoon and thank you for participating in the electronic Consent Based Social Security Number Verification system call, commonly referred to as eCBSV.

My name is Laura Train, and I am the Associate Commissioner for the Office of Data Exchange, Policy Publications, and International Negotiations at the Social Security Administration, or SSA.

Today we will be covering four main topics.

- Enrollment
- Fees
- Initial rollout and
- Expanded rollout

As background, Section 215 of the Economic Growth, Regulatory Relief, and Consumer Protection Act, Public Law (PL) 115-174, directs Social Security to modify or develop a database for accepting and comparing fraud protection data, i.e. name, social security number, and date of birth, provided electronically by a permitted entity. I'll discuss the significance of an organization being a permitted entity later in my discussion.

In response to this statutory directive, SSA will develop eCBSV, a fee-based Social Security number (SSN) verification service to handle the expected large volume of interested permitted entities.

Another key piece of this legislation to remember, and that I will talk about in more detail later on this call, is that SSA is required to collect 50 percent of the program startup costs before building the social security number verification system.

Before we get started today, we want to let you know that, while we are not taking questions on this call, you may send questions via email to **eCBSV@ssa.gov**.

We also want to remind everyone that it is a good idea to become familiar with our eCBSV website located at **<https://www.ssa.gov/dataexchange/eCBSV>**.

Here you will find a wealth of information including:

- A timeline for the key milestones of the June 2020 rollout;
- The initial estimated tier based subscription fee model for annual transaction volumes;
- High level technical requirements; and
- Answers to frequently asked questions (FAQs) we have received from the public.

Please know that we are reviewing all the questions we receive, and as appropriate, posting answers to them on our FAQs page. We will combine similar questions and update the FAQs, as

necessary. We will indicate whether we have updated an existing FAQ on our FAQ webpage.

With that background, let's start with the first of our four topics we will cover, the enrollment process.

On June 7, 2019, SSA published a federal register notice also known as an FRN. The FRN contained the instructions, open enrollment dates and criteria for the initial rollout.

At this time, we want to reiterate that to apply for the initial rollout, an applicant must be a permitted entity.

Before applying, it is extremely important that an entity ensure it meets the requirements of a permitted entity as defined in the legislation.

For reference, a permitted entity is defined as a financial institution or service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution as defined by section 509 of the Gramm-Leach-Bliley Act. 42 codified at US code section 405b(b)(4), Public Law No. 115-174, Title II, section 215(b)(4).

All permitted entities must possess an

- Employer Identification number (EIN) and
- A Dun & Bradstreet D-U-N-S number

For the initial rollout starting in June 2020, permitted entities must select from one of five categories of entity type and estimated volume:

1. Financial institutions with one million or less transactions.
2. Financial institutions with one million and one, or more transactions.
3. A Service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution with an estimated transaction volume of one million or less transactions.
4. A Service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution with an estimated one million and one, to five hundred million transactions.
5. A Service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution with an estimated five hundred million and one, to two billion transactions.

Please note that in the initial rollout, a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution is limited to representing only **20** or less permitted entities.

To apply for the eCBSV service, a permitted entity must complete the Data Exchange Request Form (SSA-157), which includes a certification statement.

The certification statement is a declaration the permitted entity provides to Social Security at least every two years that includes an agreement to adhere to each of the following four declarations:

- The Entity is a permitted entity.
- The Entity is in compliance with this section.
- The Entity is, and will remain, in compliance with its privacy and data security requirements, as described in Title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.), with respect to information the entity receives from the commissioner pursuant to this section.
- The Entity will retain sufficient records to demonstrate its compliance with its certification and this section for a period of not less than two years

A fillable SSA-157, specific instructions, and answers to FAQs on completing the SSA-157 are available on the eCBSV website.

Please note that if a financial institution chooses to apply to conduct the data exchange **both** directly with SSA, and as a financial institution associated with a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution, the financial institution must complete **two** SSA-157s.

In this case, the financial institution needs to ensure the service provider, subsidiary, affiliate, agent, subcontractor, or assignee lists the financial institution's EIN on its SSA-157. The service provider, subsidiary, affiliate, agent, subcontractor, or assignee's SSA-157 must contain the EINs for every financial institution it represents.

While not required, the service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution, may

submit its own SSA-157 and all of the SSA-157s for the financial institutions it services in one email submission to eCBSV@ssa.gov.

The SSA-157 requires an annual transaction volume. I want to go over some important information to consider when determining the annual transaction volume.

- If a financial institution submits two SSA-157s, one for direct access and one with a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution, they should not duplicate transaction volume estimates on both applications.
- Permitted entities are not required to adhere to the Federal Fiscal year. Each agreement period will be based on a yearly (365-day) cycle beginning when the permitted entity enrolls.
- A permitted entity may change its volume estimate from year-to-year, up or down. However, within the year, the permitted entity may only increase to a higher tier level by executing a new agreement.

As an example, if a permitted entity estimates it will submit two hundred thousand SSN verification transactions in the first year, and five hundred thousand in the second year, the SSA-157 for the current enrollment period should contain the first year estimate of two hundred thousand.

- Permitted entities will re-estimate transaction volumes every year and each year SSA will charge permitted entities for the tier level that corresponds to the number of estimated annual transactions. I'll talk more about tier levels later in this call.
- The annual estimated transaction volume for a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution must be the total combined annual estimated transaction volume for all of the financial institutions that it represents.

One of the purposes of limiting the initial rollout to a small group of permitted entities is to ensure the system's performance can meet demands; therefore:

For financial institutions, the eCBSV service will monitor transactions in real time and provide an alert if the financial institution nears the maximum transactions allowed in their selected tier level.

Given this is only a portion of the entire year, financial institutions that estimate their annual transactions correctly should not come close to the maximum tier level during the initial rollout period.

However, if they do, no transactions will be processed over their selected tier level unless they enter into a new reimbursable agreement at a higher tier level.

For service providers, subsidiaries, affiliates, agents, subcontractors, or assignees of a financial institution, SSA will divide its selected annual tier level into quarterly periods of three months each. Transactions will be limited to your quarterly amount for each three-month quarter until the expanded rollout.

For example, if a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution selects a tier level with a maximum of 500 million transactions, it will be limited to 125 million for the first three months. Then after three months, its limit will be raised to 250 million.

The eCBSV service will monitor transactions in real time, and SSA will send an alert if a service provider, subsidiary, affiliate, agent, subcontractor, or assignee of a financial institution nears its transaction limit for the quarter.

No transactions will be processed over the limit during the initial rollout period.

SSA will begin accepting SSA-157 applications for both the initial and expanded rollouts beginning July 17, 2019, at 6:00 a.m. EST to **ecbsv@ssa.gov**, but no later than July 31, 2019, at 6:00 p.m. EST.

If a permitted entity is unsure about applying, we recommend it submit its application during this enrollment period in order to qualify the permitted entity for the expanded rollout.

The permitted entity may choose to decline enrollment later; however, permitted entities who do not apply during the July 2019 enrollment period, may have to wait approximately two years before there is another enrollment period.

Next, I'll begin the second of our four topics on fees.

SSA may only charge permitted entities the actual cost of eCBSV development and services.

We may not charge more or less; therefore, not only do we need to know the actual costs, but we must also know the number of permitted entities who will share those costs.

Obviously, this complicates our ability to tell permitted entities exactly how much we need to charge until we know who will use eCBSV and their volumes.

With that in mind, there are two separate tier-based models the permitted entities need to be familiar with before applying for the initial rollout.

The first tier model is described in the FRN and is specifically for the collection of the required prorated 50 percent program startup costs.

As a reminder, the legislation requires that SSA collect 50 percent of the program startup costs before SSA can build the SSN verification service.

SSA will calculate each permitted entity's prorated portion of the 50 percent of the eCBSV program startup costs based on:

- The number of permitted entities selected,
- Their estimated annual transaction volumes, and
- The associated costs.

A permitted entity's initial 50 percent program startup cost will be credited to future year's fees until they are exhausted; therefore, if the permitted entity's initial 50 percent program startup contribution is greater than their first annual tier based transaction charge (which I'll discuss next) for their selected tier level, no additional payment will be necessary prior to the initial rollout.

The 50 percent program startup costs will be finalized once enrollment ends, and will be provided to the selected permitted entities. Our current estimates are located in the FRN.

The second model is a tier-based subscription model to determine the annual fee. More information about this model is available on the eCBSV FAQs webpage.

A permitted entity must provide an estimate of its annual transaction volume on a yearly basis.

SSA will assign a tier level based on that estimate with a corresponding tier level fee. Permitted entities may not submit more transactions than the annual transaction threshold of its assigned tier level.

SSA will finalize the tier levels and fees after the enrollment period when the number of permitted entities and their volumes are better known.

In addition, SSA will review actual costs annually as compared to estimates, and will adjust tier level charges appropriately to ensure we are only recovering actual costs.

In addition to the two tier based fees, each permitted entity selected will pay an initial administrative fee of \$3,693 the first year of their enrollment, and a smaller annual administrative fee every year thereafter.

If a permitted entity chooses to increase to a higher tier level within their 365-day agreement period, they will be charged an additional administrative fee to cover SSA's expenses for the change.

Please note, after SSA is reimbursed for the initial development costs, the annual tier-based transactions fees are expected to decrease.

Annual tier based transaction fees will depend on the number of permitted entities using the system and their volumes.

Now that we've covered enrollment and fees, I will move to our third topic, the initial rollout.

Participants in the initial rollout will be selected from the completed application submissions on a first-come basis.

As a reminder, a permitted entity not selected for the initial rollout will have an opportunity to be part of the expanded rollout. SSA estimates we will initiate the expanded rollout later in calendar year 2020.

The initial rollout in June 2020 will be small for two reasons: to allow SSA to test the eCBSV service and because the initial rollout will be resource intensive, as some manual processes will stay in place until the expanded rollout.

SSA will notify those permitted entities selected for the June 2020 rollout shortly following the close of the enrollment period.

Once selected, permitted entities will receive further instructions to complete and sign a reimbursable memorandum of understanding and submit their prorated portion of the 50 percent startup costs within two weeks of selection through Pay.gov.

The sample reimbursable memorandum of understanding is located on the eCBSV website under the “fees” section.

Each participant will be required to sign a user agreement, which is under development, prior to performing any transactions. The agreement will be available for signature closer to the June 2020 rollout.

If a permitted entity declines to participate in the initial release, it may participate in the expanded rollout later that calendar year.

We have received a lot of questions about how many permitted entities will be in the initial rollout. It is impossible to know this until we receive and review the completed applications.

For example, if we do not get any service providers, subsidiaries, affiliates, agents, subcontractors, or assignees of a financial institution with an estimated one million and one, to five hundred million transactions, we will need to select an additional permitted entity or entities in another category.

We must have enough entities to cover the cost of the 50 percent program startup costs.

The initial rollout period is estimated to last 4-6 months. So, what happens after the initial rollout concludes?

Once the initial rollout is completed, SSA expects to allow all qualified applicants who applied during the July 2019 enrollment period to use the eCBSV system; we are calling this the **expanded rollout**.

This will be the fourth and final topic we cover on this call.

SSA will send an invitation to permitted entities not selected for the initial rollout to complete their expanded rollout application. Permitted entities will be able to modify their initial application or decline participation entirely.

During the expanded rollout, SSA will remove the constraints on service providers, subsidiaries, affiliates, agents, subcontractors, or assignees of a financial institution by removing the 20 permitted entity limit, and quarterly volume proration.

More information will be available about the expanded rollout once we start the initial rollout.

Ending

Before we end today, I wanted to acknowledge that this is the first time SSA is accepting electronic consent for the Consent Based Social Security Number Verification transactions.

We will provide more detailed information about consent, as well as, about other documentation such as the User Agreement, in the future as part of our Paperwork Reduction Act clearance request, which will be announced in the Federal Register.

We will post an update on our eCBSV website when we publish this request in the federal register.

If you have any questions please send them via email to ecbsv@ssa.gov. As mentioned earlier, we are reviewing all questions received and as appropriate, posting responses to them on our FAQs webpage.

We will consolidate similar questions and update the FAQs as necessary.

The website address again is

<https://www.ssa.gov/dataexchange/eCBSV>.

Thank you for attending today's call.

We look forward to working with you.