

2nd Annual LexisNexis® Risk Solutions True Cost of Fraud™ Study September 2023

Supplemental Nutritional Assistance Program (SNAP) and Integrated Eligibility Systems (IES)

This True Cost of Fraud™ study for SNAP serves as a model framework by informing the level and impact of fraud on SNAP agencies, including the challenges, volume, and cost, as well as the resources that agencies utilize to detect and prevent fraud. ...

The 2023 study expanded to include integrated eligibility systems (IES). IES refers to a common

eligibility system to manage various human services benefit programs, including but not limited to: Supplemental Nutrition Assistance Program (SNAP), Medicaid, Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Temporary Assistance for Needy • Families (TANF), and Low-Income Home Energy Assistance Program (LIHEAP).





SNAP and IES.



top challenges with source, and best practices and fraud mitigation methods.





The Study utilized the proprietary LexisNexis Fraud Multiplier™ cost: Estimates the total amount of loss a firm

occurs based on the actual dollar value of a fraudulent transaction.

🔆 Key Insights on Total Fraud Losses



applications contribute to this. For every \$1 value of benefits lost through fraud, it actually costs SNAP agencies \$3.85, up from \$3.72 in 2022. At an overall level, labor dedicated

24%

have the following levels of eligibility oversight:

through IES have a higher cost of fraud. Mobile



26% of the total cost of SNAP fraud (N = 149)For the total cost of fraud, the 26% value of benefits lost represents only 26% (28% in 2022);

Every \$1 value of benefits lost is only

28%

additional costs comprise another 74% of costs. So, there is a fraud multiplier* that for every \$1 value of benefits lost, it actually cost

Internal labor for fraud detection,

investigations and reporting

represents half of SNAP fraud

costs, up from 43% in 2022.

SNAP agencies 3.85.

= significantly or directionally higher compared to 2022 * The LexisNexis Fraud Multiplier

for your total SNAP fraud losses during the past year?

Administrative costs also

contribute to the total (24%),

including for data exchanges



Internal labor costs Administrative costs above average level of mobile-based applications, every \$1 value of SNAP benefits lost through fraud is actually \$4.05. This is higher than the same

programs) with above average

Dollar value of benefits lost through fraud

\$4.05 (N = 149)\$3.85 \$3.74 \$3.54 IES SNAP Agencies Non-IES SNAP Agencies IES SNAP Agencies **IES SNAP Agencies** (SNAP + Medicaid (only responsible for with broader eligibility with broader eligibility SNAP eligibility) eligibility) responsibilities responsibilities (SNAP + Medicaid + 1-2 other (SNAP + Medicaid + 1-2 other

type of segment without the above average mobile application volume.

Distribution of Direct Fraud Costs — SNAP Fraud Multiplier*

Every \$1 value of SNAP benefits lost through fraud actually costs the following for SNAP agencies that

mobile-based applications * The LexisNexis Fraud Multiplier Q5E: Adding to 100%, what percentage do each of the following direct fraud costs

> (past 12 months) (N = 66)

programs)

account for your total SNAP fraud losses during the past year?

volume of mobile applications are significantly more likely than others to say that fraud has increased during the past 12 months by an average of 29%.

Mobile channel driving fraud increase

As found in other LexisNexis Risk Solutions True Cost of

among multi-program eligibility agencies

Fraud studies in recent years, mobile transactions are driving increased fraud. This is shown below as SNAP agencies with multi-program eligibility oversight and an above average

33% 52% 11%

in its IES, total number across all benefits programs?

Q26: Has this total level of fraud across all programs in your IES increased, decreased or stayed during the past 12 months? Q27: Approximately how many full-time employees (investigators/analysts) does your state have to investigate the following

Level of Fraud Across All IES Programs Average % of increase = 24% 71% of IES Agencies with broader eligibility responsibilities (SNAP+Medicaid+1-2 other programs) and above average mobile-based applications say fraud has increased by 29% Increased Decreased

Remained the same

Distribution of Fraud Across Programs Medicaid represents a significant portion of PASSWORD fraud for IES agencies. Medicaid continues to represent the largest share of IES agency fraud as the scope of responsibility for program eligibility expands.

Distribution of Fraud Across Benefits Programs

Agencies with eligibility responsibility for:

13% 12% 33% 15%



landscape by adopting a multi-layered workflow.

SNAP + Medicaid Only

(N = 66*)



36%

SNAP + Medicaid + Other Programs

(N = 66*)

15%

49%

fighting fraud while mitigating constituent friction. **Integration Strategy & Focus** Address both identity and Different risks for Tools & Capabilities with Minimizing Friction While application fraud risks digital versus physical Maximizing Fraud Protection Fraud Prevention Approach channels • Cybersecurity Alerts • Tracking successful and prevented • Artificial Intelligence/Machine fraud by both transaction channel Learning Models and payment method • Cybersecurity Operations • Use of digital/passive authentication • Digital / Constituent Experience solutions to lessen user effort (let Operations solutions do the work behind the Dual Particip Botnets and malware Different challenges Program Integrity can compromise mobile Assessing the physical and digital and risks for mobile devices. Authenticate both risk associated with the individual versus online the user and device **Integration of Cybersecurity and Digital Constituent Experience Operations with Fraud Prevention Approach**

Fraud Detection & Prevention Across the Continuum

A multi-layered equitable workflow is essential to

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For more information, please visit risk.lexisnexis.com/GovFraud

or call 1.888.216.3544



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