

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).



This infographic is the first of a 4-part series examining key findings from the True Cost of Fraud for SNAP agencies and IES study. Insights focus on total fraud losses, fraud loss distribution, top challenges with source, and best practices and fraud mitigation methods.



Research and Methodology:

Data was collected by phone in August 2023 with a total of 149 completions in the United States. Respondents included mostly senior executives responsible for fraud mitigation and decisions with SNAP and IES.

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.



The distribution of SNAP fraud losses is similarly represented by suspicious cases not worked, inadvertent household errors (IHEs) that have not been formally designated as an intentional program violation but could reasonably be assumed as fraud and EBT skimming/account take over.



Distribution of SNAP Fraud Losses

The mobile channel continues to be a challenge, with these IES multi-program eligibility agencies attributing more losses to eligibility fraud (29% versus 21% for those with SNAP-only eligibility authority and below average mobile transactions).

Card ID theft

Don't know

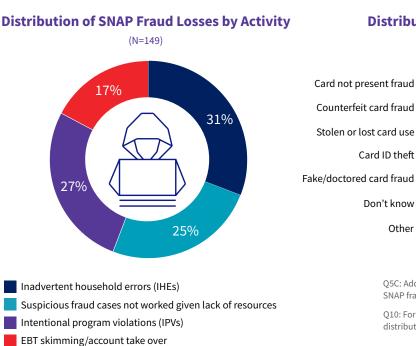
Other

0%

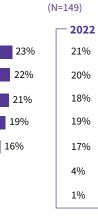
0%

EBT card-related fraud losses are distributed similarly across various factors. Card ID theft is found somewhat more often among IES agencies with broader eligibility across programs.

Distribution of SNAP/Electronic Benefits Transfer (EBT) Card Fraud Losses



Distribution of EBT Card-Related Fraud Losses



Card ID theft higher among IES Agencies with Broader Eligibility Responsibilities (SNAP+Medicaid+1-2 Other Programs) (23%) than those only responsible for SNAP eligibility (14%)

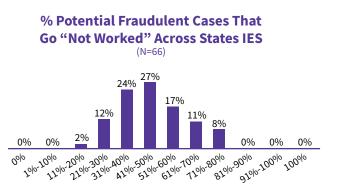
Q5C: Adding to 100%, what percentage do each of the following account for your total SNAP fraud losses during the past year?

Q10: For fraud losses related to EBT transactions/purchases, please indicate the distribution across the following types of card fraud.

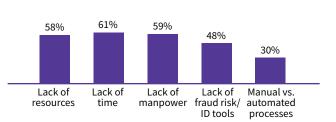
Fraud Cases Not Worked

For IES-participating agencies, an average of 46% of potential fraudulent cases go unworked based on lack of resources, time and manpower, as well as lack of fraud risk and identity tools.





Key Drivers That Cause Cases To Not Be Worked (N=66)



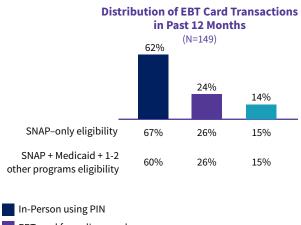
Average 46%

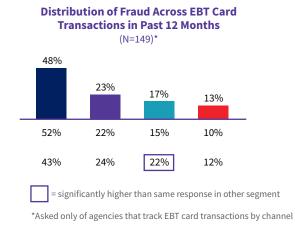
Q5C: Adding to 100%, what percentage do each of the following account for your total SNAP fraud losses during the past year? Q10: For fraud losses related to EBT transactions/purchases, please indicate the distribution across the following types of card fraud.

Distribution of EBT Card Transactions and Fraud Across Channels

In-person continues to be the single largest channel for EBT card transactions, though the mobile channel is a higher contributor to EBT card fraud where agencies have eligibility authority for more human services programs through an IES.

Distribution of Electronic Benefits Transfer (EBT) Card Transactions and Fraud Costs Across Channels in the Past 12 Months





EBT card for online purchases

EBT card connected to a mobile, digital wallet

EBT card skimming complaints

Distribution of SNAP Fraud Losses

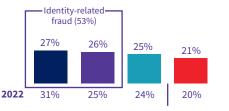
Identity-related fraud continues to account for over half of SNAP fraud losses. Automated malicious bot attacks have increased.

Agencies that have eligibility for more than just SNAP and which have an above average volume of mobilebased applications attribute more losses to eligibility fraud (29% versus 21% for those with SNAP-only eligibility authority and below average mobile transactions).



Distribution of SNAP Fraud Losses by Activity and Fraud Type

29% eligibility fraud among IES agencies with above average mobile-based applications



21% eligibility fraud among agencies with only SNAP eligibility authority and below average mobile-based applications

% of Transactions Determined to be **Malicious Automated Bot Attacks** (N=138)



Q6: Approximately, how much of your fraud losses would you attribute to each of the following types of fraud? Q15A: In a typical month what percent of your transactions are determined to be malicious automated bot attacks?



Fraud Detection &

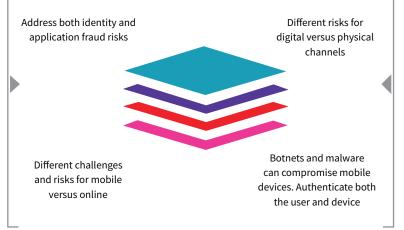


Prevention Approaches

Address risks across an ever-evolving threat landscape by adopting a multi-layered workflow.

Fraud Detection & Prevention Across the Continuum

A multi-layered equitable workflow is essential to fighting fraud while mitigating constituent friction.



Strategy & Focus

Minimizing Friction While Maximizing Fraud Protection

- Tracking successful and prevented fraud by both transaction channel and payment method
- Use of digital/passive authentication solutions to lessen user effort (let solutions do the work behind the scenes)
- Assessing the physical and digital risk associated with the individual

Integration of Cybersecurity and Digital Constituent Experience Operations with Fraud Prevention Approach

For more information, please visit risk.lexisnexis.com/GovFraud or call 1.888.216.3544





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Fraud Prevention Approach

- Cybersecurity Alerts
- Artificial Intelligence/Machine Learning Models

Integration

Tools & Capabilities with

- Cybersecurity Operations
- Digital / Constituent Experience Operations
- Dual Participation Prevention
- Program Integrity