

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

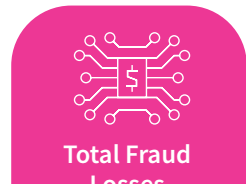
Supplemental Nutritional Assistance Program (SNAP) and Integrated Eligibility Systems (IES)

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.



Total Fraud Losses



SNAP Fraud Loss Distribution



Key Fraud Challenges



Best Practice Adoption

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.

Key Insights on SNAP Fraud Loss Distribution

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.



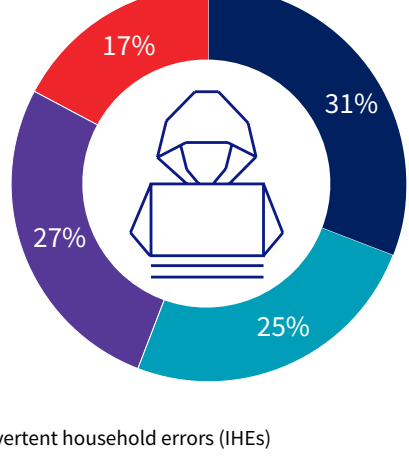
Distribution of SNAP Fraud Losses

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).

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.

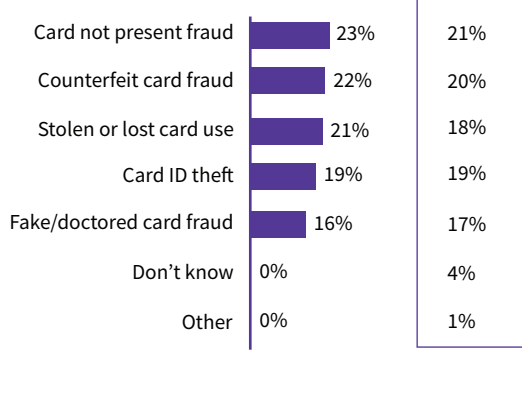
Distribution of SNAP/Electronic Benefits Transfer (EBT) Card Fraud Losses

Distribution of SNAP Fraud Losses by Activity



- Inadvertent household errors (IHEs)
- Suspicious fraud cases not worked given lack of resources
- Intentional program violations (IPVs)
- EBT skimming/account take over

Distribution of EBT Card-Related Fraud Losses



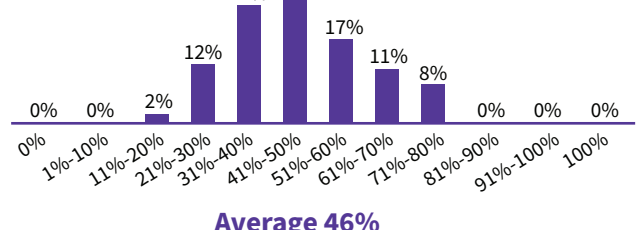
Card ID theft higher among IES Agencies with Broader Eligibility Responsibilities (SNAP+Medicaid+1-2 Other Programs) (23%) than those only responsible for SNAP eligibility (14%)

Fraud Cases Not Worked

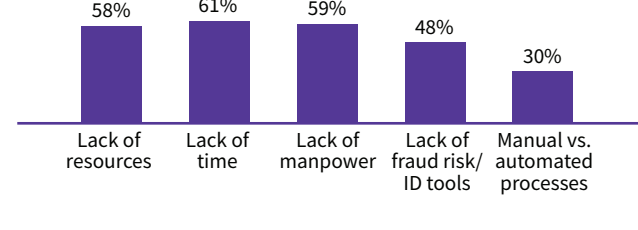
For IES-participating agencies, an average of 46% of potential fraudulent cases go unworked based on lack of resources, time and manpower, as well as lack of fraud risk and identity tools.

“Not Worked” Cases

% Potential Fraudulent Cases That Go “Not Worked” Across States IES



Key Drivers That Cause Cases To Not Be Worked

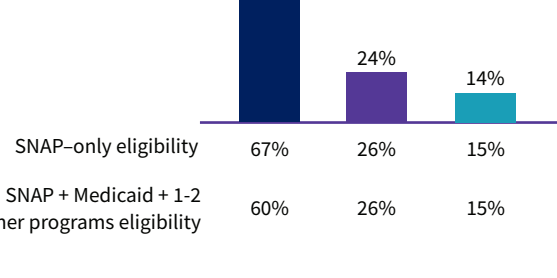


Distribution of EBT Card Transactions and Fraud Across Channels

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.

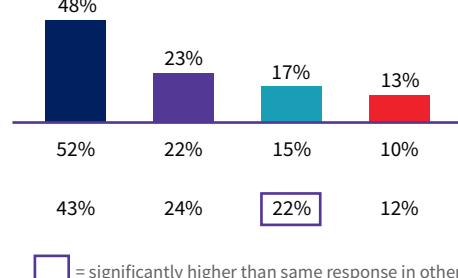
Distribution of Electronic Benefits Transfer (EBT) Card Transactions and Fraud Costs Across Channels in the Past 12 Months

Distribution of EBT Card Transactions in Past 12 Months



- In-Person using PIN
- EBT card for online purchases
- EBT card connected to a mobile, digital wallet
- EBT card skimming complaints

Distribution of Fraud Across EBT Card Transactions in Past 12 Months



* = significantly higher than same response in other segment
*Asked only of agencies that track EBT card transactions by channel

Distribution of SNAP Fraud Losses

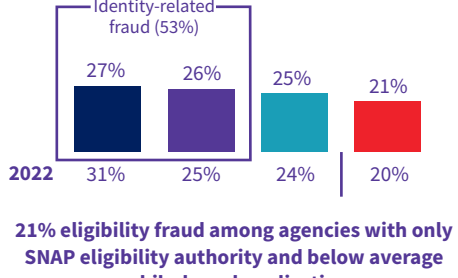
Identity-related fraud continues to account for over half of SNAP fraud losses. Automated malicious bot attacks have increased.

Agencies that have eligibility for more than just SNAP and which have an above average volume of mobile-based 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

Distribution of Fraud Losses by Fraud Type

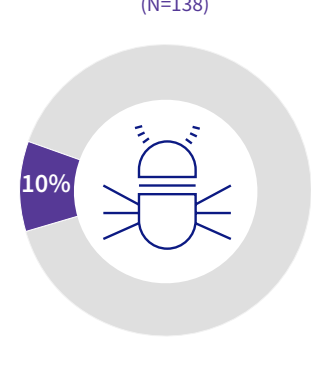
- Identity fraud with applications
- Identity fraud with account takeover
- Eligibility fraud
- Fraud involving tracking of benefits



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



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.



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

