

TOP SIX FRAUD TRENDS IN THE PUBLIC SECTOR TO WATCH IN 2023

What federal, state and local governments can expect from fraudsters this year

Fraud is ever-changing and persistent. Fraudsters never stop. They go wherever the money is, exploiting any opportunity to gain access to government benefits. Here are our predictions for the top six fraud trends – based on recent statistics – that will escalate and proliferate throughout 2023, creating challenges for government agencies.

1 Digital Fraud Scams to Drive Increased SNAP Fraud Attacks



ATTACKS AND COSTS:

Every \$1 of benefits lost through fraud costs Supplemental Nutrition Assistance Program (SNAP) agencies \$3.72¹



BOTS ON THE ATTACK:

45% of agencies with above average mobile-based applications indicate bot attacks have increased year-over-year¹



ELECTRONIC BENEFIT TRANSFER (EBT) CARD SKIMMING AND SOCIAL ENGINEERING ATTACKS

such as phishing and smishing (short message service phishing) – are on the rise (4,000% increase in 2022 in California alone) and allow fraudsters to steal accounts from users²



2 Improper Healthcare Payments and Fraud will Cost Billions in Losses



MEDICAID

2022 Medicaid improper payment rate was 15.62%, or \$80.57 billion.³



MEDICARE

2022 Medicare Fee-For-Service (FFS) estimated improper payment rate was 7.46%³

2022 Medicare Part C estimated improper payment rate was 5.42%³

2022 Medicare Part D estimated improper payment rate was 1.54%, a slight increase from 2021³



HEALTHCARE

2021 Healthcare Fraud National Enforcement Action says healthcare fraud correlates to \$1.4 billion in losses⁴



3 Social Security Fraud (SSN) Scams Will Cost Taxpayers



IMPOSTER SCAMS

Through the second quarter of 2022, the Federal Trade Commission (FTC) collected 17,995 reports of imposter scams involving Social Security, with total losses of about \$46 million⁵



IMPROPER PAYMENTS

Social Security Administration estimates it made about \$8.3 billion worth of improper payments during the 2020 fiscal year⁶



NEW VERSION OF SSN SCAM

Scammers claim to be able to suspend or cancel the victim's SSN to frighten people into returning "robocall" voicemails⁶



4 Projected Massive Losses in Unemployment Benefit Fraud



COVID-19 PANDEMIC = LOTS OF FRAUD

According to the U.S. Department of Labor's Office of the Inspector General, some \$45.6 billion in pandemic unemployment benefits was fraudulently paid to criminals between March 2020 and April 2022⁷



IMPROPER PAYMENT PROBLEMS

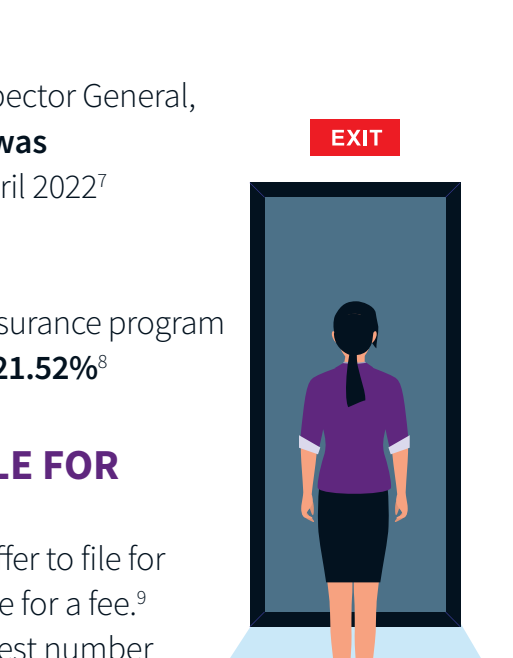
For the 2022 reporting period, the national unemployment insurance program reported an estimated national improper payment rate of 21.52%⁸



INCREASE IN PHONE CALLS OFFERING TO FILE FOR UNEMPLOYMENT BENEFITS

Phone scams increased in 2022, such as when fraudsters offer to file for unemployment benefits on an individual's behalf in exchange for a fee.⁹

Truecaller estimates a staggering \$39.5 billion lost, the highest number recorded since it began researching spam calls in the U.S. eight years ago¹⁰



5 Top Tax Scams Will Flourish



PANDEMIC-DRIVEN EMAIL SCAMS

Internal Revenue Service (IRS), state tax agencies, and the tax industry say beware of ever-evolving phishing scams that use various pandemic-related themes to steal data¹¹



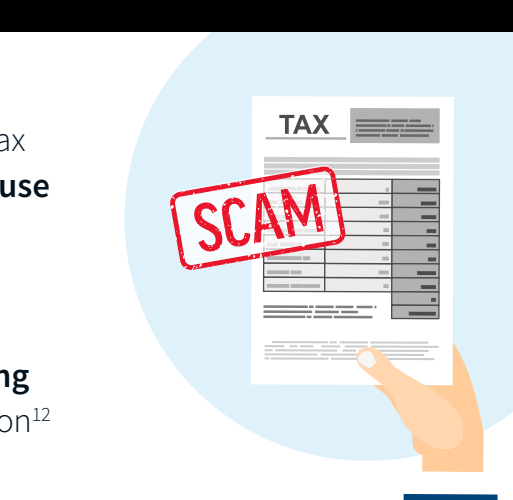
TAX SEASON IS PRIME FOR PHONE SCAMS

IRS states criminals continue to make aggressive calls posing as IRS agents to steal taxpayer money or personal information¹²



TAX FRAUD CRIME IN THE BILLIONS

In 2022, IRS Criminal Investigation initiated more than 2,550 criminal investigations, identified over \$31 billion from tax and financial crimes, and obtained a 90.6% conviction rate on cases accepted for prosecution¹³



6 Americans to Lose Billions in Student Loan Fraud



SCAMMERS CAPITALIZE ON LOAN FORGIVENESS BUZZ

The FTC received 2.8 million fraud reports in 2021, a quarter of which also reported financial losses that added up to \$5.9 billion in total reported losses for the year¹⁴



STUDENT LOAN-RELATED ROBO TEXT SCAMS INCREASE

Before the Biden Administration's student loan forgiveness announcement, there were between 2-3 million student loan scam texts per month – after the announcement, the monthly total rose to 9 million¹⁴



STRATEGIES SCAMMERS USE

Student loan scammers use one of two strategies – the too-good-to-be-true offer or impersonation¹⁴



As fraud evolves and continues to grow, government agencies deserve the best line-of-sight into the risk that is present in their benefit populations – while continuing to provide equitable access to those entitled to assistance.



LexisNexis® Risk Solutions can help. Learn more about our fraud and identity management solutions. Scan the QR code or call us at 1.888.216.3544



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5-<https://www.investopedia.com/articles/retirement/120516/social-security-fraud-what-it-costing-taxpayers.asp#:~:text=Through%20the%20second%20quarter%20of,losses%20of%20about%20%2446%20million>
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14-<https://www.forbes.com/sites/emmahitford/2022/11/03/student-loan-scams-stole-an-estimated-5-billion-from-americans-this-year/?sh=5d44362c66f5>

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