

CASE STUDY



A simple multi-program data test reveals tens-of-millions in potential immediate savings

A mid-sized state shares information to identify individuals who are participating in benefit programs in multiple states at the same time.

The National Accuracy Clearinghouse (NAC)

From the beginning, the purpose of the National Accuracy Clearinghouse (NAC) was clear: to address the growing challenge of improper payments in public assistance programs. The NAC aggregates and analyzes state-level enrollment data to proactively identify dual-participants, individuals who are enrolled in the same program concurrently within or across states (often using multiple identities).

The five southern states (Florida, Georgia, Alabama, Louisiana, and Mississippi) that first envisioned the NAC selected LexisNexis Risk Solutions to build, host, and maintain the platform. LexisNexis was selected due to its unique ability to resolve identities and link data to the appropriate individual, even when two data files do not share a common unique identifier such as Social Security Number (SSN) and when data is “messy.”¹

Challenge

The initial pilot program focused on the Supplemental Nutrition Assistance Program (SNAP) however, the long term vision was to have a platform that would support the detection of dual-participants within and across multiple public assistance programs, such as Medicaid, CHIP, TANF, WIC, and more. The program was funded by the U.S. Office of Management and Budget (OMB), as part of an initiative to support innovative approaches to reduce improper payments in public assistance programs. Looking ahead to expansion, LexisNexis developed the National Accuracy Clearinghouse to support the complexities of multiple programs and additional states.

The pilot results confirmed a strong need for the NAC solution. Analysis indicated that both individuals and organized groups were involved in a significant amount of activity leading to the improper disbursement of benefits. For example, in the state of Mississippi, the NAC identifies and prevents 300 dual participants per month, realizing an annual net savings of \$872,792² and an anticipated \$2.5M³ in potential savings for SNAP after nationwide adoption.

The strong results from the pilot program supported the decision to expand the NAC to additional states and programs. The expansion to additional programs greatly enhances the value of the NAC as the more data that is contributed to the solution, the greater the results for all participating states. By including multiple public assistance programs, states have an opportunity to not only improve the integrity of each program through the identification of dual participants, but also by identifying beneficiaries who are found participating in public assistance in more than one state. Since state public assistance programs require in-state residency as a key component of eligibility, out of state participation should not occur. Further, other programs reveal the potential for significant state savings as each program provides benefits of various dollar amounts. Medicaid is an excellent example of this. The nationwide average annual cost per Medicaid beneficiary is \$5,790.⁴

Strong results act as a springboard for expansion to additional states and programs.

More than half of all Medicaid beneficiaries nationwide receive most or all of their care from risk-based managed care organizations (MCOs) that contract with state Medicaid programs to deliver comprehensive Medicaid services to enrollees.⁵ Since states pay MCOs per capita rates to serve this population, the savings that can be realized by reducing dual participation can be achieved very quickly through its initial identification, and then ongoing as dual participation is prevented from that point forward.

For states that are already using the NAC for one program, adding additional programs is a relatively streamlined process. This is especially true if the state has an integrated eligibility system (IES) or has an existing “no wrong door” policy in place.⁶ Because the NAC looks at enrollment – not claims activity – contributing information as applicants apply for assistance makes the process simple and effective.

State identifies millions of dollars in potential savings through an initial look at joining the consortium

One mid-sized state decided to see if the NAC could help identify dual-participants among several of the state's public assistance programs. This prospective state, which shares no borders with the existing NAC participating states, brought forward data from their SNAP, Medicaid, TANF, and Child Services programs. This state's SNAP and Medicaid programs are comprised of approximately 1M beneficiaries each, with approximately 75K participants in their TANF and Child Services programs. While this state was new to the NAC it had been using PARIS for many years.

How is the National Accuracy Clearinghouse (NAC) different from the Public Assistance Reporting Information System (PARIS)?

PARIS is a system that was developed by the Administration for Children and Families (ACF) in 1993. State agencies are required to submit information on public participants via this system. It looks for basic, exact data matches and sends results back to states for investigative action. PARIS has been used by states to identify public assistance participation across state post-enrollment. The NAC differs from PARIS in two primary ways:

1. The NAC is a front-end, real-time, automated solution that reduces and eliminates improper payments.

States submit data to the NAC daily which allows agencies to detect dual participation before a benefit is ever issued, eliminating the "pay and chase" model and reducing costs and efforts associated with investigation and recovery activities. By comparison, PARIS identifies dual participants quarterly and only after benefits have already been paid.

2. The NAC utilizes advanced identity resolution for accuracy and high confidence decision making as individuals are submitted to the solution.

The NAC assesses multiple components of an identity, looking at both current and historical information within the LexisNexis repository, to make a determination on the likelihood of a match. For example, if two records from different jurisdictions have the same name and date of birth, but a different address – but the two addresses match a former and current address for a given identity in the LexisNexis database – those two records represent a very likely match. The NAC also applies proprietary knowledge about identities as applicants are matched – for example, because a church or shelter may be listed as the address for many beneficiaries, those addresses are identified and excluded when screening thereby eliminating their possibility as false positives. The NAC's use of identity resolution, coupled with a prioritization of matches by identity attribute combinations, provides states with a high confidence solution for informed decision making. PARIS, by comparison, relies solely on an exact Social Security Number (SSN) match as a unique identifier to identify participation. This identifier often goes uncaptured, or is found to be captured incorrectly, and neglects a wealth of intelligence that comes from evaluating the other identity components.

The NAC's use of advanced identity resolution empowers states to make high confidence decisions as matches occur. This in turn prevents improper payments, reducing caseload volumes, and improving application and processing accuracy.

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The prospective state participated in a NAC proof of concept data test with several programs. The state found that 34 out of every 10,000 enrollees in its Medicaid program and 9 out of every 10,000 enrollees in its SNAP and TANF programs were dual participants – concurrently enrolled in another NAC-participating state, or enrolled multiple times with the same program within the prospective state. The immediate potential value for this prospective state is demonstrated in the table below:

Program	“Dual Participant” Enrollees	Annual Program Cost per enrollee *	Annual Savings Potential **
Medicaid	3,360	\$5,790 ⁷	\$19.5M
SNAP	830	\$1,600 ⁸	\$1.3M
TANF	120	\$3,000 ⁹	\$0.4M
TOTAL	4,310		\$21.2M

*Based on national averages
**Estimate

In addition to this initial potential savings, the prospective state will reap additional ongoing savings each year as dual participants are identified and prevention occurs. The federal agencies that oversee the administration of these programs, agencies such as the Food and Nutrition Service (FNS) and the Centers for Medicare & Medicaid Services (CMS), are providing very generous matches to aid states with NAC implementation. Match funds from FNS include their 50/50 Administrative match and from CMS include their 90/10 Program Integrity match. With systems like the NAC in place states have the opportunity to improve their overall program administration, support their program integrity efforts, avoid federal penalties and qualify for bonuses based on low program error rates.

Another important factor to note is that, because the prospective state was an existing PARIS user, the dual participation shown in the table is “over and above” what the state was already detecting through their use of the PARIS solution.

The NAC also provides additional savings opportunities, in the form of increased speed and efficiency. There are three key drivers for this:

1. The NAC is updated daily, allowing agencies to detect dual-participation up to 3 months earlier than other systems.
2. While states can seek to recover the improper payments, the “pay and chase” model typically only results in 50% recovery on average. This figure is likely even lower among those identified as “dual participants.”
3. 85% of the matches found using the NAC are high confidence matches that require no further investigation. Based on the resulting matches this equates to multiple full time employees that could be reassigned to more fruitful investigations.

This value of the NAC platform will continue to build as more and more states join. The inclusion of the prospective state into the NAC also provides an incremental benefit to existing NAC states. When prospective states data was compared to the NAC, the existing NAC states were alerted to nearly 3,000 enrollees in their states that are also enrolled in the prospective state. Should this state choose to join the NAC project, this represents substantial savings for all parties involved. The more states that join the NAC – the more powerful the solution becomes.

FREQUENTLY ASKED QUESTIONS

1. We have been overwhelmed by false matches with a similar system. How will we manage the new increase in matches?

NAC users have been able to prevent more improper payments while also reducing their caseloads. The reason for this is fewer “false positives” and less time spent investigating cases. With the NAC, we have worked closely with our customers to define scenarios where “Immediate action” should be taken, and scenarios where “Further investigation” is recommended:

Immediate Action: An example of this is when two records match with high confidence identity attributes such as a combination of SSN, Date of Birth (DOB), and Name. Note that a SSN match alone is not sufficient. SSN data is often missing or “messy,” and some individuals have more than one SSN.¹⁰

Public Consulting Group (PCG), which was hired to evaluate the results from the initial NAC pilot project, found nearly 100% validity among cases flagged for “Immediate action.” In the prospective state case study described above, 85% of cases identified by the NAC fell into the “Immediate Action” category which would require no further investigation.

Further Investigation: An example of this is when two records match with lower confidence identity attributes, such as partials. PCG found 62% validity among cases flagged for “Further Investigation.”

Based on our NPS state, this would mean that 3655 of the 4300 matches required no further investigation and of the 695 flagged for further investigations, 400 showed to be valid matches.

2. What does “Immediate Action” mean? If a beneficiary is enrolled in two states, does enrollment automatically get canceled in both states when a match is detected?

There are established business rules for how to handle the “Immediate Action” cases, as well as the “Further Investigation” that are validated with additional information. These business rules have been developed by the NAC-participating states, in collaboration with LexisNexis and with federal oversight from the Food and Nutrition Service (FNS) and the OMB. The business rules dictate that when a match is identified, a request is mailed asking for specific information (e.g. proof of residency, documentation showing closure of benefits in a previous state, etc.). If no response is received, then a second request is mailed and other steps are taken to attempt to make contact before any action is taken.

3. We are interested, but we are concerned that data sharing restrictions will be an issue.

The consortium established a detailed Memorandum of Agreement (MOA) defining the use of the contributed data for data sharing purposes. This MOA includes specific details about the data required, defines how it will be used, constraints on its usage, and how the information will be protected and safeguarded. It follows closely the direction provided by the Administration for Children and Families in its Confidentiality Toolkit.¹¹

FREQUENTLY ASKED QUESTIONS

4. We're particularly concerned about HIPAA compliance, for our Medicaid program. How have others dealt with this?

The NAC is HIPAA compliant and adheres to the recommended administrative, physical, and technical safeguards. HIPAA permits data sharing for certain administrative processes, including the NAC "use case". While framed to be restrictive, laws like HIPAA frequently contain exceptions that allow for the sharing of identifiable data to improve administrative operations and combat fraud. For more information please see the Governing HIPAA legislative research brief.

5. Unfortunately we don't have the resources to go through the RFP process right now. Can I wait to join the NAC next year?

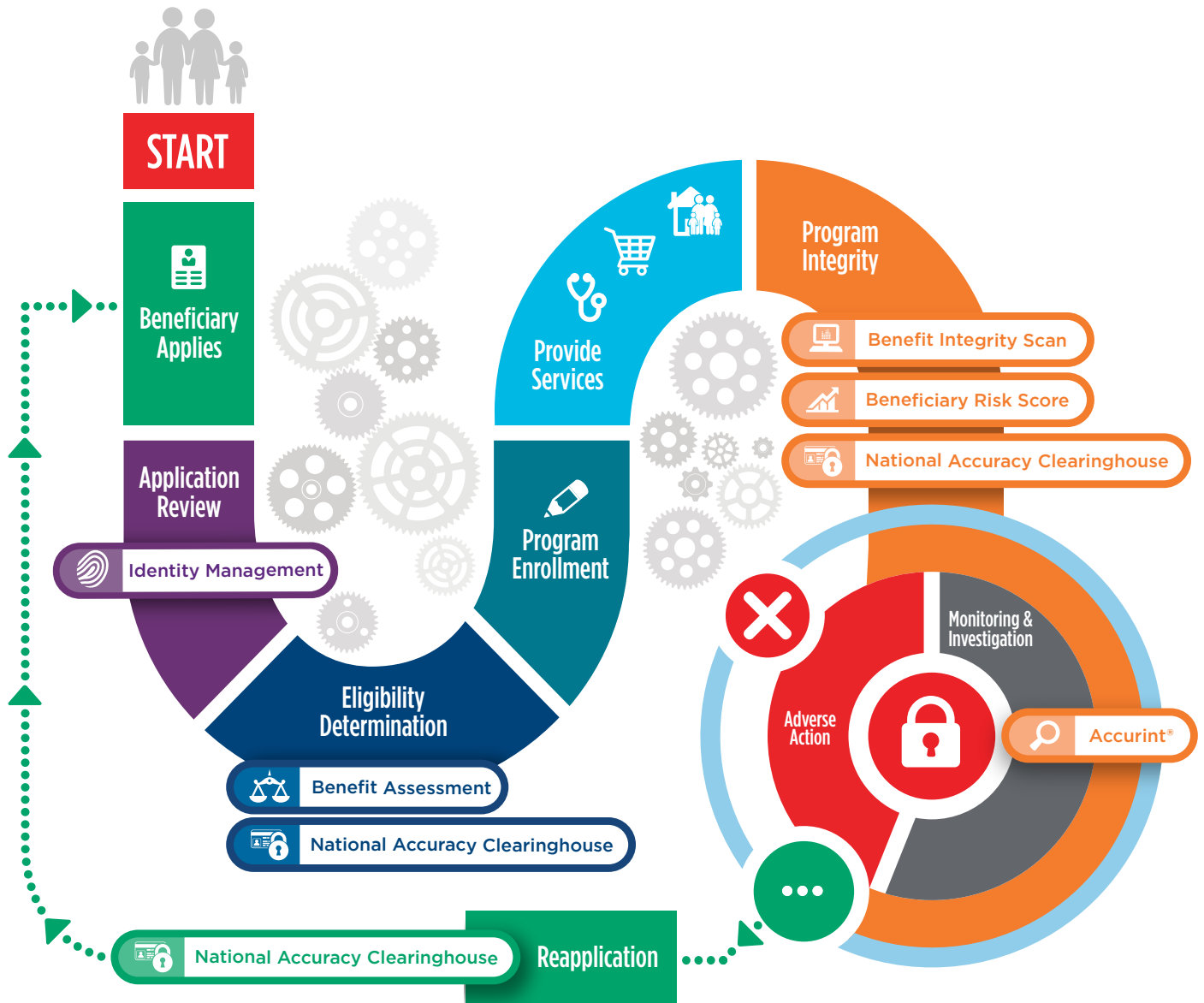
The NAC contract has already undergone competitive procurement by RFP in 2013. LexisNexis was selected and awarded the contract as the portal host and technology developer by the state of Mississippi and consortium of NAC states. A new state that is interested in joining the NAC does so through the existing contract and by executing the project's Memorandum of Agreement and joining the NAC Governance Council.

Additionally, during the competitive procurement for the NAC the state and LexisNexis identified several solutions that were deemed beneficial to the management of public assistance programs. As such the NAC contract also includes additional identity risk services that are available for procurement. These solutions support agency needs for identity management, eligibility determination, fraud detection, investigations, and overpayment recovery.

REFERENCE

1. <http://www.lexisnexis.com/risk/about/lexid.aspx>
2. National Accuracy Clearinghouse Evaluation, October 2015, Page 35, Table 15.
[http://images.solutions.lexisnexis.com/Web/LexisNexis/%7Bb7de1d11-976a-4bdd-82a0-39a8f272265b%7D_USDA_Report_on_NAC_2016_\(1\)_17614.pdf](http://images.solutions.lexisnexis.com/Web/LexisNexis/%7Bb7de1d11-976a-4bdd-82a0-39a8f272265b%7D_USDA_Report_on_NAC_2016_(1)_17614.pdf)
3. National Accuracy Clearinghouse Evaluation, October 2015, Page 37, Step 2.
[http://images.solutions.lexisnexis.com/Web/LexisNexis/%7Bb7de1d11-976a-4bdd-82a0-39a8f272265b%7D_USDA_Report_on_NAC_2016_\(1\)_17614.pdf](http://images.solutions.lexisnexis.com/Web/LexisNexis/%7Bb7de1d11-976a-4bdd-82a0-39a8f272265b%7D_USDA_Report_on_NAC_2016_(1)_17614.pdf)
4. <http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/>
5. <http://kff.org/data-collection/medicaid-managed-care-market-tracker/>
6. Over half of states have an IES, according to interviews with 50 health and human services executives across 41 states, conducted by the Governing Institute in March 2016.
7. <http://kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/>
8. <http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>
9. <http://www.acf.hhs.gov/programs/ofa/programs/tanf/data-reports>
10. In some cases, an individual can have more than one SSN. For example, when SSA assigns consecutive SSNs to members of the same family, one of the individuals can request a new SSN.
<https://oig.ssa.gov/audits-and-investigations/audit-reports/A-02-14-34054>
11. The expressed intent of this toolkit was to enable states and local jurisdictions to determine ways to share necessary information and, at the same time, protect peoples' rights to confidentiality and privacy.
https://www.acf.hhs.gov/sites/default/files/assets/acf_confidentiality_toolkit_final_08_12_2014.pdf

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About LexisNexis Risk Solutions

LexisNexis Risk Solutions (www.lexisnexis.com/risk) is a leader in providing essential information that helps customers across all industries and government assess, predict and manage risk. Combining cutting-edge technology, unique data and advanced analytics, LexisNexis Risk Solutions provides products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of RELX Group plc, a world-leading provider of professional information solutions.

Our identity management solutions assist states with ensuring appropriate access to public benefits, enhance program integrity and operational efficiency, reduce the impact of identity theft and fraud, and proactively combat fraud, waste and abuse throughout government programs.