# Using Data Analytics to Identify Fraud, Waste, and Abuse

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Agenda

- About GAO and FAIS

- Importance of data analytics in government oversight

- Data matching in action—examples of forensic audits
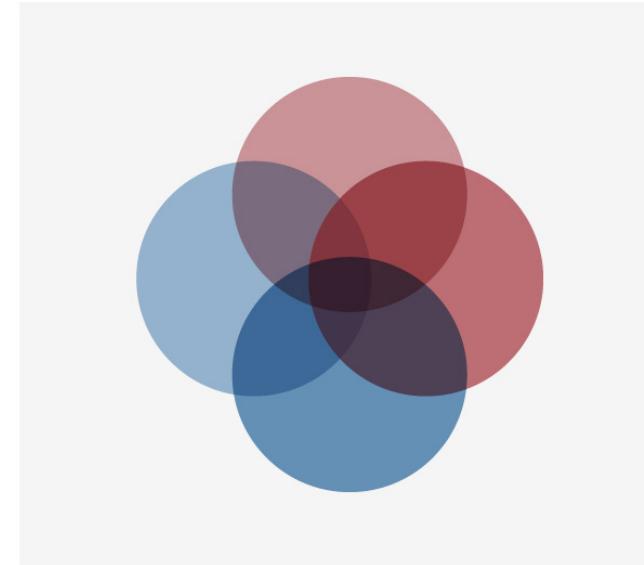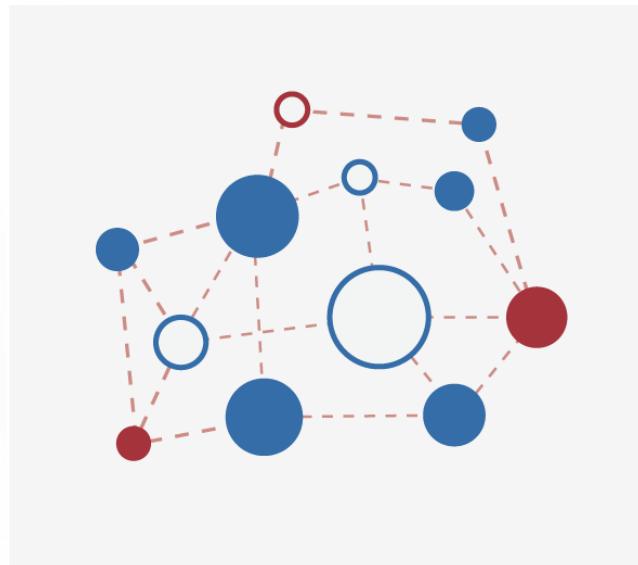
U. S. Government Accountability Office

- Independent, nonpartisan congressional watchdog
- Advise Congress and executive agencies on making government more efficient, effective, ethical, equitable and responsive
- Work comes from requests, mandates, and Comptroller General authority

Forensic Audits and Investigative Service

- The **Forensic Audits and Investigative Service (FAIS)** team provides Congress with high-quality forensic audits and investigations of fraud, waste, and abuse; other special investigations; and security and vulnerability assessments.

- Our work cuts across a diverse array of government programs administered by IRS, the Centers for Medicare and Medicaid Services, the Department of Veterans Affairs, and the Department of Homeland Security, among others.

GAO

Importance of data analytics in government oversight

Data analytics involve a variety of techniques to analyze and interpret data and can help identify and reduce improper payments and fraud, waste, and abuse.

- Predictive analytic technologies can identify fraud and errors before payments are made.

- Data mining and data-matching techniques can identify fraud or improper payments that have already been awarded, thus assisting agencies in recovering these dollars.

Data Matching in Action: FEMA

- Challenge: FEMA relied on self-reported data regarding whether applicants for home repair assistance had private home owners insurance.

- Solution: Match disparate data sets to identify risk
    - We matched <u>addresses</u> of federally backed mortgages, which require homeowners to have private insurance, with those receiving FEMA home repair assistance.
    - Of the 3,718 recipients who said they did NOT have homeowners insurance, 534 (14.4%) had a federally backed mortgage and received $2.3 million in aid.

GAO-15-15

Data Matching in Action: PECOS

- Challenge: CMS must verify that doctors have operational practice locations before enrolling into Medicare but CMS does not have the ability to visit every single location.

- Solution: Match provider addresses to USPS data to identify high-risk addresses.

  - This software flags potentially ineligible addresses such as vacant addresses, invalid addresses, and Commercial Mail Receiving Agencies (e.g., UPS Store PO Boxes).

  - Through a generalizable stratified random sample, we found 23,400 high-risk addresses were associated with at least $327.5 million improper payments.

GAO-15-448

Data Matching in Action: Security Clearance

- Challenge: Federal agencies lack a mechanism to identify clearance holders with federal tax debt, which is relevant in making decisions about granting clearances.

- Solution: Match PII of clearance holders to identify risk.

  - We matched <u>PII</u> of individuals with secret, top secret, or SCI clearances with tax debt data from the IRS Unpaid Assessments database.

  - 83,000 federal employees or contractors with clearances had an unpaid tax debt totaling more than $730 million as of June 30, 2012.

GAO-14-686R

Data Matching in Action: Medicaid Eligibility

- Challenge: Medicaid enrollment controls and processes may have gaps in beneficiary-eligibility verification and provider enrollment.

- Solution: Match Medicaid data to the full death file

  - Using regulatory Medicaid eligibility-verification requirements, we matched beneficiary and provider data to the full death file.

  - The identities of about 200 deceased beneficiaries received about $9.6 million in Medicaid benefits subsequent to the beneficiary's death.

GAO-15-313

Data Mining: SNAP Benefit Cards

- Challenge: States administering SNAP struggled to use replacement card data to identify potential recipient fraud.

- Solution: Identify a more targeted method for using SNAP card replacement data to find households with higher fraud risk.

  - Using replacement card data and suspicious transaction indicators, we narrowed the number of households at high-risk for potential trafficking in one state from over 8,000 down to 39 households.

  - Given limited investigative resources, a more targeted approach could help state agencies better manage SNAP fraud risk.

GAO-14-641

GAO on the Web

Web site: http://www.gao.gov/

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