



Key Insights on Identity Fraud Reduction and Redress in Pandemic Response Programs

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PRAC Overview



- Established in March 2020 by the CARES Act under the Council of the Inspectors General on Integrity and Efficiency (CIGIE)
- Comprised of 21 Offices of Inspectors General (OIGs) and over 50 employees
- Promotes transparency and provide Congress and the public with objective, reliable information about the \$5 trillion in pandemic relief dollars
- Works with OIGs to develop recommendations for program improvements, refer matters for criminal investigations, and identify misspent funds for recovery.



PRAC Subcommittees and Issue Groups



The PRAC has four subcommittees and four issue groups which share ongoing oversight and accountability effort, best practices, and lessons learned

Subcommittees	Issue Groups
GAO, State, and Local Coordination	Identity Fraud Reduction and Redress Oversight
Audit, Inspections, and Evaluations	Financial Sector Oversight
Investigations	Health Care Oversight
Information Technology	Data Sharing

Identity Fraud Reduction and Redress Working Group



- Created in July 2021
- 16 OIGs with cognizance over many federal agencies targeted by identity fraud



Identity Fraud Reduction and Redress Working Group



- The Working Group, then led by former NRO IG Susan Gibson, believed it critical to develop a holistic picture of identity fraud oversight work that had been conducted across the IG community
- Doing so might help identify initial identity fraud reduction and redress actions that may be beneficial for agencies to incorporate
- This culminated in the Working Group's first product: *Key Insights: Identity Fraud Reduction and Redress in Pandemic Response Programs*



Prevalence of Identity Theft During the Pandemic



- 1.4 million identity theft reports were filed with the FTC in 2020
 - They also received a 2,920 percent increase in government document identity theft reports in 2020
- In the PRAC's January 2022 report, 21 percent of analyzed PPP criminal cases contained some type of identity fraud
- 95 percent of DOL OIG's 160,000 hotline complaints from March 2020 to December 2021 mentioned identity fraud

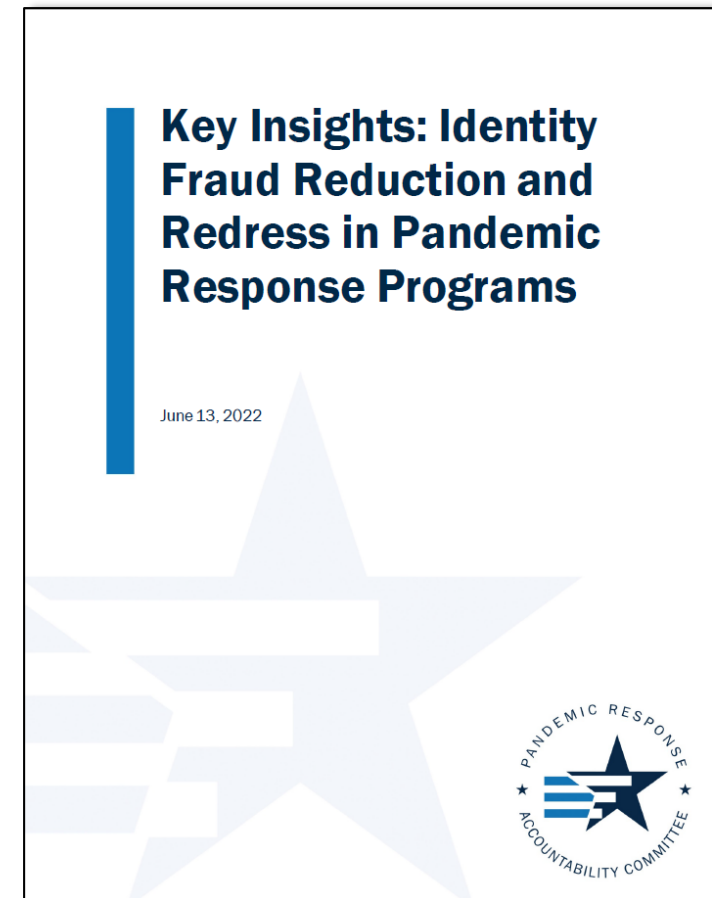
Real Victims, Real Impact

Senior Medicare Patrol reported a Medicare beneficiary was recently unable to receive medical care because someone had fraudulently billed Medicare for hospice services using their identity. As a result, they are at risk of not receiving necessary heart surgery because the hospice care appears on their Medicare record.

Key Insights: Identity Fraud Reduction and Redress in Pandemic Response Programs



- Through this product the Working Group:
 - **Surveyed 23 OIGs** on their office's response to identity fraud;
 - **Collected 55** submitted oversight **reports**;
 - **Assessed 191 recommendations**; and
 - Reviewed additional information as necessary
- The Working Group identified cross-cutting recommendations that could be broadly applied to other agencies/programs
- The product highlights 6 insights regarding identity fraud reduction and 3 insights regarding identity fraud redress (described in detail below)



Identity Fraud Reduction-Related Actions



1. Conduct data matching to verify identity and eligibility for government programs
2. Establish controls or processes that check for duplicate applications or benefits
3. Collaborate and coordinate with states and other relevant agencies
4. Develop processes to track and analyze fraud cases to identify new patterns or trends
5. Strengthen communication about data breaches
6. Find opportunities to rely on more robust forms or methods of identification



1. Conduct data matching/linking to verify identity and eligibility for government programs



- Examples from previous oversight reports include:
 - Social Security Numbers (SSNs): Matching SSNs with other known records can reduce identify fraud
 - Inmate Data: Inmate identities often are targeted for government benefits
 - Treasury's Do Not Pay: Accessing this free centralized data source can help identify inconsistencies in applicants' identity
 - Death Data: Incorporating death data matching can reduce decedent identities being used for benefits
 - Internet Protocol (IP) Address: Obtaining IP addresses can help identify multiple applications from one individual which could indicate identity fraud



2. Establish controls or processes that check for duplicate applications or benefits



- Programs can experience fraudsters attempting to receive multiple benefits using duplicate applications/information
 - SSA OIG found that individuals were able to receive multiple program benefits under different SSNs because of system limitations that prevented matching between records
 - SBA OIG found that SBA's EIDL program approved billions in loans with duplicate IP addresses, email addresses, business addresses, or bank account which is a high indication of fraud
- Duplication of benefits can often indicate identity fraud because an individual may receive the benefits of multiple individuals or be using synthetic identities



3. Collaborate and coordinate with states and other entities affiliated with government benefits programs



- Federal benefits are often managed at the state/local level by other agencies
- During the pandemic, agencies such as DOL OIG and SBA OIG found it critical to coordinate with the agencies who manage these funds
 - State workforce agencies, lenders, and others often have access to critical information related to identity theft that can help federal agencies
- Prior to the pandemic, TIGTA also identified opportunities for the IRS to bolster communication with other agencies to reduce identity fraud



4. Develop processes to track and analyze fraud complaints to uncover patterns or trends



- Fraud complaints provide valuable knowledge and help direct investigative efforts
- During the pandemic, SBA OIG and TIGTA found that their parent agencies struggled to effectively track and log identity fraud complaints
 - SBA was unable to identify key information from their ~81,000 identity theft complaints
 - SBA's findings reflected similar previous TIGTA findings. Recent reports have shown that the IRS ultimately made improvements in this area



5. Strengthen communication about data breaches

- Agencies should identify opportunities to strengthen two-way communication with organizations they work with for quick information sharing when breaches occur to reduce the damage of identity theft
- For example, HHS OIG found that service providers and their contractors need to be aware of reporting requirements when breaches occur
- HHS OIG emphasized doing so could help coordination on breaches across state lines and share best practices to prevent breaches from occurring



6. Find opportunities to rely on more robust forms or methods of identification



- Relying on specific or singular identifying information allows fraudsters to target this data and exploit identities
- Government agencies and private sector entities continue to use SSNs to identify individuals, which can be exposed and then used across various programs
- As a result of previous oversight work, progress has been made to reduce reliance on SSNs as identifiers
 - HHS's replacement of SSN-based claim numbers on Medicare cards with Medicare Beneficiary Identifiers
 - IRS's expansion of IP PIN issuance which adds an additional layer of identity theft protection



Identity Fraud Redress



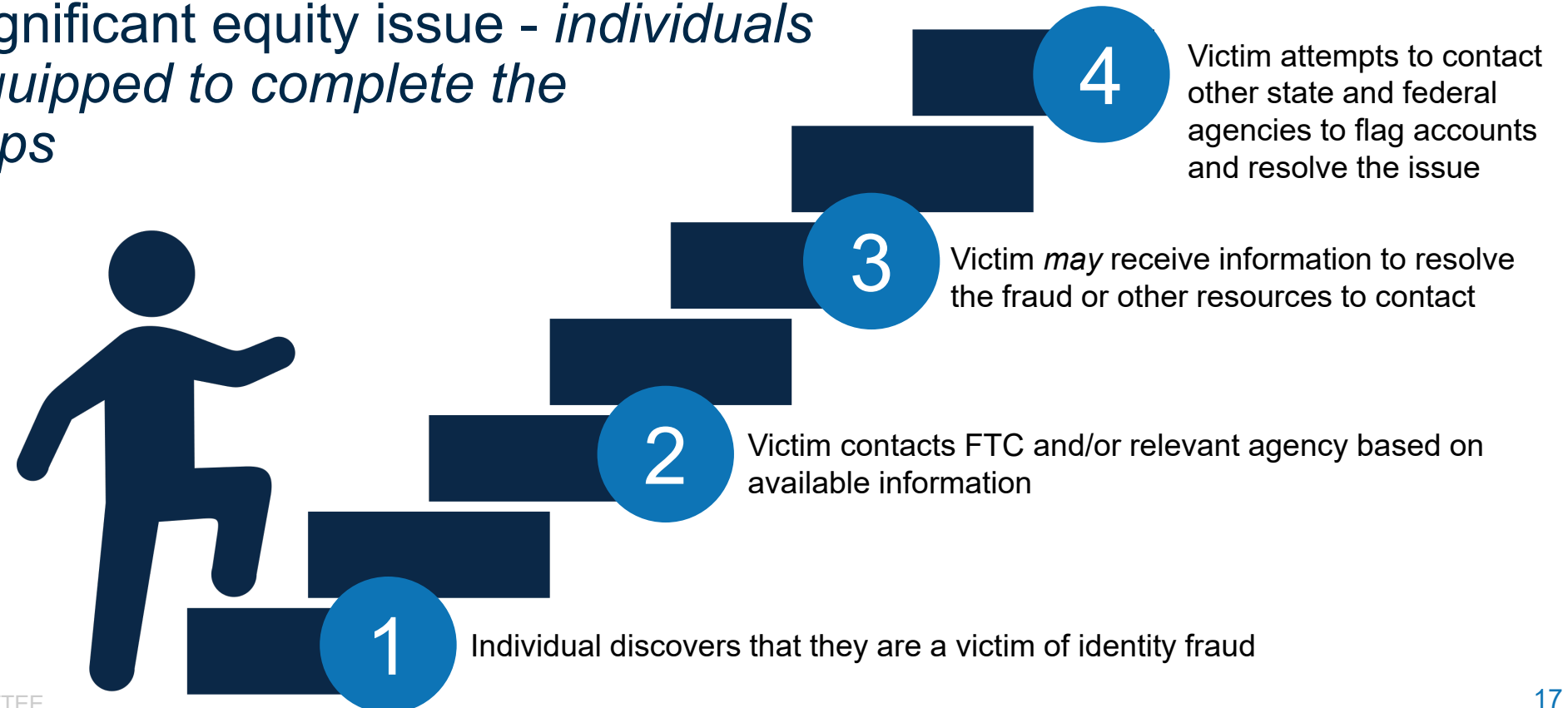
- The process to restore an identity after it has been stolen is time consuming and difficult for victims
- If not resolved quickly, victims can experience:
 - Difficulty in obtaining rightful benefits
 - Bad credit scores
 - Adverse financial situations
- Based on survey responses, gaps exist across the government to properly redress identity fraud and provide support for the victims

Real Victims, Real Impact
According to panelists at the IFRR's Identity Fraud Redress panel in March 2022, victims of identity fraud often struggle to access their benefits following the identity fraud because fraudulent information is now associated with their identity.

Identity Fraud Redress Process is Time-Consuming and Difficult



- The victim redress process:
 - largely relies on victims of identity fraud to seek recovery
 - relies on victims being the main driver of recovery - *resources available (both governmental and non-governmental)*
 - highlights a significant equity issue - *individuals may not be equipped to complete the necessary steps*



Identity Fraud Victim Redress-Related Actions



1

Provide a reliable method for identity fraud victims to report the fraud and receive support and regular updates

2

Train staff to assist victims of identity fraud so that identity fraud claims are processed efficiently and effectively

3

Institute processes to swiftly reinstate benefits or services if they were stopped or not received as a result of identity fraud

1. Provide a reliable method for identity fraud victims to report the fraud and receive support and regular updates



- Agencies should provide easy and consistent methods for victims to report fraud, regularly update these victims, and proactively reach out to potential victims
- For example, SBA OIG found that because there was no systematic process for victims to report identity theft in their EIDL program, victims were reaching out multiple times and were unable to resolve their issues
- Similarly, TIGTA found issues with the IRS's lack of communication when they discover potential identity fraud related to minors or deceased individuals



2. Train staff to assist victims of identity fraud so that identity fraud claims are processed efficiently and effectively



- Staff who are trained to assist identity fraud victims and handle their complaints can more appropriately respond to unique and challenging problems that may occur with an identity fraud case
- The IRS, based on recommendations from TIGTA, centralized its identity theft functions to better assist the public with complex identity theft cases
- While this helped improve response times and reduced employee errors, the pandemic reduced the overall effectiveness of IRS's assistance in this area

Real Victims, Real Impact

In December 2021, the IRS told taxpayers that the pandemic caused identity theft case inventories to increase dramatically and that it was taking the agency an average of 260 days to resolve identity theft cases

3. Swift Reinstatement of Benefits and Services



- Agencies should reevaluate their practice of suspending services in appropriate cases in addition to restoring or reissuing benefits
- In SBA's EIDL program, SBA did not have a process to resolve credit-related issues of identity theft victims
 - SBA did not cease billing fraudulent loans to identity fraud victims on loans that were disbursed but not fully recovered
- Even as early as a decade ago, HHS OIG emphasized the needed for continued services and recommended medical identity fraud victims still retain critical services



Way Ahead for the Working Group



- Much of the previous work on identity fraud has focused on mitigating, investigating, and recovering fraudulent payments with less focus on helping the victims of this fraud
- IFRR will focus on victim redress processes and bring more attention to the experiences of identity fraud victims
- PRAC recently commissioned a study with MITRE to identify existing federal and state identity theft redress processes related to benefits programs, including analysis of international identity theft redress systems to inform the art of the possible in the U.S. context
- Synchronously, the Working Group is identifying commonalities in fraud schemes to help inform investigation and other reduction efforts





Questions?
