

AN ESTIMATE OF POTENTIAL IDENTITY THEFT IN THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) IN TWO STATES (SUMMARY)

Background

This exploratory study estimated the extent to which potential identity theft was used to obtain Supplemental Nutrition Assistance Program (SNAP) benefits in Florida and Missouri during a 12-month period (June 2016 to May 2017).

Identity theft in SNAP was defined as the act of fraudulently using the identifying information—such as name, social security number, or address—of another person to obtain SNAP benefits illegally. Because actual identity theft can only be determined after a detailed fraud investigation, all study estimates are counts of potential victims of identity theft.

The study had four objectives: (1) Describe the efforts Florida and Missouri are making to prevent and detect identity theft in SNAP; (2) Estimate the prevalence of potential identity theft in SNAP for both States; (3) Estimate the costs of potential identity theft in SNAP for Florida and Missouri; and (4) Develop a set of recommended practices that might help States improve their ability to prevent and detect identity theft in SNAP.

Methods

The study utilized two data sources: (1) In-depth interviews with relevant State SNAP agency staff; and (2) Administrative and extant data that included 12 months of SNAP caseload data and Lexis Nexis's identity information databases.

Prevalence rates were calculated using a three-step process: (1) Initial prevalence rates were produced by running each State's SNAP caseload data through Lexis Nexis's machine matching algorithm (LexID); (2) For each State, 100 cases flagged in Step 1 were manually reviewed and validated; and (3) Final prevalence rates were produced by using findings from Step 2 to statistically adjust the initial prevalence rates.

Findings

Florida's Department of Children and Families (DCF) uses identity authentication and verification tools, specialized investigative units, and data analytics and describes their approach to detecting, preventing, and investigating identity theft in SNAP as "proactive." DCF identifies possible fraud, including identity theft, through: (1) complaints from the public; (2) referrals from eligibility workers; and (3) internal data analytics. Public Benefits Investigations staff gather evidence to present at an administrative disqualification hearing or provide for criminal prosecution.

Missouri's Department of Social Services (DSS) describes its approach to detecting, preventing, and investigating identity theft in SNAP as "reactive." Applicant identities are manually verified primarily using data from Missouri's Drivers' License and Social Security Administration interfaces. DSS identifies suspected fraud, including identity theft through: (1) reports from the public and (2) referrals from frontline staff. Suspected fraud cases are referred for investigation and depending on the evidence can result in administrative disqualification or criminal prosecution.

In Florida, the estimated prevalence rate of potential identity theft was 3.3 ± 0.4 percent.

In Florida, we found **109,452 cases (or 3.3%) with sufficient data discrepancies** to warrant referral to the State SNAP agency for further investigation.

These cases received a total of **\$127.9 million (or 2.7%) of all SNAP benefits.**

Cases warranting further investigation for identity theft received an average of **\$97 in SNAP benefits** each month.



A total of 109,452 individuals were flagged for potential identity theft. In total, these individuals received \$127.9 million or 2.7 percent of all benefits during the 12-month study period. On average, these individuals received \$97 a month in SNAP benefits.

In Missouri, the estimated prevalence rate of potential identity theft was 2.0 ± 0.4 percent.

In Missouri, we found **15,167 cases (or 2.0%) with sufficient data discrepancies** to warrant referral to the State SNAP agency for further investigation.



These cases received a total of **\$26.1 million (or 2.5%) of all SNAP benefits.**

Cases warranting further investigation for identity theft received an average of **\$144 in SNAP benefits** each month.

A total of 15,167 individuals were flagged for potential identity theft. In total, these individuals received \$26.1 million or 2.5 percent of all benefits during the 12-month study period. On average, these individuals received \$144 a month in SNAP benefits.

Elderly, veterans, and individuals with disabilities were more likely to be victims of potential identity theft in Florida, while children were the least likely to be victims. Individuals that were elderly or disabled had higher rates of potential identity theft (6.1 percent and 6.8 percent, respectively) compared to nonelderly adults (5.1 percent). Veterans had the highest rate at 7.4 percent of all demographic subgroups. The estimated prevalence rate among children was 0.3 percent.

Nonelderly adults and individuals with disabilities were more likely to be victims of potential identity theft in Missouri, while children were the least likely to be victims. Nonelderly adults or individuals with disabilities had higher rates of potential identity theft (3.9 percent and 3.8 percent, respectively) compared to elderly individuals (2.7 percent). The estimated prevalence rate among children was 0 percent.

In both States, one-person households and households receiving smaller benefits had higher prevalence rates of potential identity theft than larger households or households with higher benefits. One-person households had a prevalence rate of 6.1 percent in Florida and 4.0 percent in Missouri. In Florida, individuals in households receiving \$50 or less in monthly SNAP benefits had the highest prevalence rate (8.6 percent) but in Missouri, households receiving \$101 to \$200 had the highest rate (4.1 percent).

The identities of potential SNAP victims may have also been used to receive benefits from other needs-based programs. Among cases flagged for potential identity theft, only a small percentage (2 to 4 percent) lived in households receiving Temporary Assistance for Needy Families. However, 58 percent in Florida and 74 percent in Missouri lived in houses receiving Medicaid, and 19 percent in Florida and 24 percent in Missouri lived in households receiving supplemental security income.

Recommended practices for States include: (1) Communicate importance of SNAP integrity; (2) Prepare actionable guidance; (3) Create a specialized unit focused on identity theft; (4) Review policies and fix gaps in fraud and identity theft prevention practices; (5) Collaborate with other States; (6) Consider using a customer authentication and online verification system; and (7) Expand data monitoring through specialized data analytics.

For More Information

Esa Eslami, E., Severn, V., Conway, K., and Asher, A. *An Estimate of Potential Identity Theft in SNAP in Two States*. Prepared by Mathematica Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service, May 2019. Available online at: <https://www.fns.usda.gov/ops/research-analysis>