Reduce Improper Payments and Fraud With a Trusted 360 View

Key Benefits
- Enable the detection of improper payments and fraudulent claims
- Discover fraud and abuse by detecting illicit transactions and patterns of activity across all beneficiaries
- Ensure access to timely and accurate beneficiary data for planning, budgeting, and forecasting
- Provide seamless interfaces between financial databases and enterprise data warehouses, on-premises, or in the cloud

Improve How You Manage Your Data to Enable Real-Time Detection

"This Administration has made reducing improper payments and protecting taxpayer money a top priority…to ensure that federal agencies focus on prevention and have the proper incentives to improve their improper payments rates." MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, June 26, 2018.

Federal agencies are entrusted with a combined annual budget of $4 trillion to fund the operations of the US Government. Many agencies and offices support specific populations (veterans, seniors, the disabled, victims of disaster, students, the unemployed) through benefit and entitlement programs such as WIC, SNAP, Medicare, HUD, and FEMA.

To preserve program effectiveness and trust in government, it is crucial that payments made from these programs are of the highest integrity and are paid out as efficiently and expeditiously as possible. Unfortunately, a program's success can fall short when errors are made: overpayments or underpayments; payments issued to the wrong recipient; misuse of funds; or payments missing the documentation needed to verify the payment was proper.

In 2017, the impact across 20 High Priority programs totaled $136 billion[1]. This figure, which represented 96% of all of the erroneous payments made by the federal government is equal to an average of 25.5% paid out in improper payments (roughly $1 for every $4 spent). And, after years of reporting and transparency, what is getting measured is not effectively being managed.

As Garrett Hatch, Specialist in American National Government, put it in his 2018 report for the Congressional Research Service, *Improper Payments in High-Priority Programs: In Brief*, "[T]here has been little progress made reducing the error rates for a number of high-priority programs. As a consequence, 13 years after agencies first reported improper payment rates and amounts, the government still issues more than $100 billion a year in improper payments."

[1] US Government self-reported Improper Payments at https://paymentaccuracy.gov/resources/

As good stewards entrusted with oversight of revenues, budgets, and payments, government agencies create, collect, and acquire more data than ever before. While this data has become a valuable asset for driving efficiencies overall, improper payments and confirmed fraudulent activity are expected to grow in FY19 and beyond. This is despite efforts to reduce and control the losses with legislation, executive directives, memorandums, policies, and guidance.

Increase Efficiency and Reduce Losses

Analyzing the data available to these large-scale government programs can be extremely helpful to reduce improper payments. But financial and data analysts need more than just raw data. The data must be strategically managed on an ongoing basis to ensure it is trusted, accessible, and actionable at critical points in the decision-making process. As data integrity increases, analysts can benefit from new analytics technologies—such as artificial intelligence (AI) and machine learning—or create added value from new data-driven initiatives—such as the 2018 PRESIDENT'S MANAGEMENT AGENDA CROSS-AGENCY PRIORITY GOAL: LEVERAGING DATA AS A STRATEGIC ASSET.

Identifying, inventorying, and providing access to clean data about claims, claimants, financial transactions, and recipient and payer actions requires a solid foundation where data can be managed across its entire life cycle. Managing data as a strategic asset takes into account the end-to-end capabilities of data creation or collection, processing, reconciliation, enrichment, governance, access, use, security, dissemination, storage, and disposition. Adopting technologies designed to deliver trustworthy and actionable data will enable agencies to surface insights that will reduce funds lost through improper payments and increase the effectiveness for early detection of waste, fraud, and abuse.

Quickly Detect Improper Payments and Fraud

Agencies can ensure that all payments are proper by validating the four main attributes: right recipient, right amount, right reason, right time—before any payments are made.

Informatica's experience across a broad range of government agencies suggests that a vast majority (about 99 percent) of records within each recipient file will be internally consistent. It is, therefore, critical to identify the small percentage of records that do not match. Non-matching records would include, for example, individuals or businesses that have filed multiple, duplicative, or even false claims.

The reconciliation process might seem simple and straightforward, but it can be a significant challenge. When records are obtained from different sources, the names of individuals and companies, addresses, and other basic data can contain errors (e.g., typos, misspellings, and character transpositions) and variations (i.e., the inclusion or omission of a middle name or middle initial, nicknames, formatting differences, abbreviations).

Each discrepancy casts doubt on the reliability of the 'beneficiary list' of matched records, which then slows down the process because it triggers a manual review. Manual intervention is time consuming and labor intensive. Conversely, a low error rate during the matching process can indicate many "false hits." A mismatched record, for example, can increase the risk that a compliance letter will be issued to, or an investigation started for, a legitimately qualified beneficiary who has properly filed or claimed benefits.

Avoiding Erroneous Payments

Multiple programs and offices within a single agency, each with its own set of responsibilities, concerns, and processes, can fuel miscommunication, which can result in agencies returning or paying out funds to individuals who still owe money to other areas within the same agency. Benefit offset programs are designed to identify and capture such events, allowing the agency to redirect those funds to legitimate uses.

As an example, one of the more common offset programs involves child support payments. At the state government level, departments will often seek to verify that recipients of tax refunds or lottery winnings do not have outstanding child support payments before remitting those funds. Because states will need to search and match data between disparate systems to recognize these situations, they may be challenged by errors and variations within the data.

To effectively match data across those systems, the states need to employ technology that reconciles the information into a single view of the individual. To maximize an agency's ability to work with more programs and offices—both within and outside the agency—Informatica's master data management (MDM), which includes advanced matching and reconciliation capabilities at an operational level, makes it easy for agencies to verify if the government is owed money before making a payment. This not only reduces unnecessary expenditures, but also decreases post-payment collection and adjudication costs.

A Foundation for Data That Solves Your Problems

Informatica® offers a variety of data management solutions, including MDM, that are easily applied to the benefit discovery process. Because MDM is configurable in batch and/or real-time matching scenarios, benefit program agencies can easily implement the solution with little to no software development.

With Informatica MDM, even the largest federal government agencies can achieve highly accurate and scalable identity matching results. The superior match rate significantly improves the results of the benefit discovery process and supports greater confidence in those results. Reducing the need for manual validation also dramatically reduces the risk that a compliance notice is unnecessarily generated or that an investigation is initiated in error.

Many agencies find that Informatica technology allows them to discover millions of dollars in improper or fraudulent payments, without requiring additional significant investments of money or time. By reducing waste, fraud, and replacing expensive manual processes, MDM helps agencies bolster public confidence that tax dollars are being paid appropriately to eligible beneficiaries.

A 360 View of Recipients

The complexity of government fiscal processes—mandated payment timeframes, disparate systems, and multiple data formats—creates a significant challenge to have a complete view of payment recipients (those receiving payments from any government-sponsored program).

This is challenging for most agencies because much of the information required for payment is provided by external organizations and other individuals (including other disbursement agencies, financial institutions, state/local governments, and the recipients themselves). Often, the data is submitted more than once, or is incomplete, inaccurate, or inconsistent. For example, documents may include variants of the recipient's name, address, or other information. As traditional search tools don't account for discrepancies like these, this creates a challenge for agencies when they attempt to verify whether a payment has been made.

Informatica's data management solutions provide the ability to search and retrieve, in real time, all records associated with a recipient despite any errors or variations that might exist, within either the search record or the data that the agency already has on file. The agency can embed this capability into existing or new program administration systems. Users are then able to see a complete profile of the recipient that includes data such as address, geographic location, phone numbers, past benefit claims, audits, or investigations. This 360-degree view helps reduce the risk of poor decisions based on incomplete data.
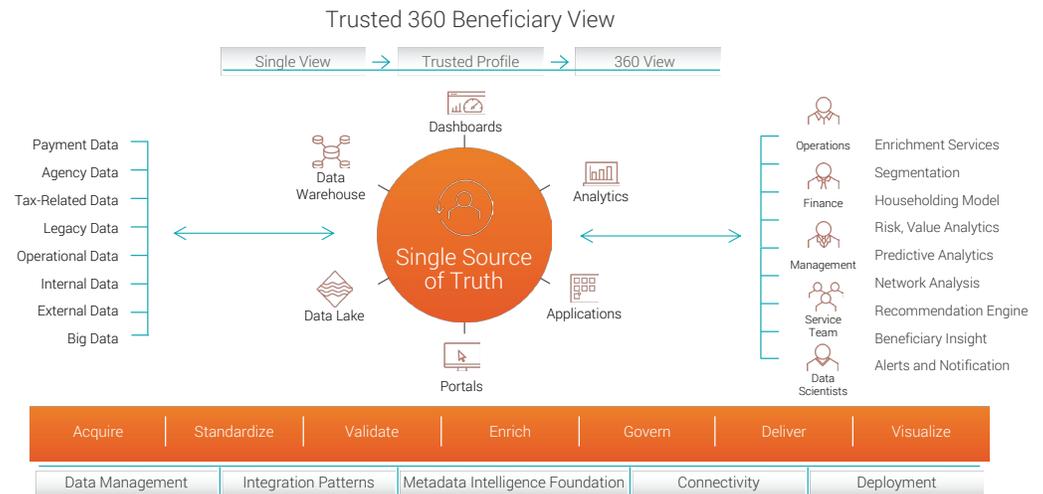

Figure 1: Example of a complete, 360-degree view of a beneficiary profile that includes information from disparate systems, applications, data sources, and data warehouses.

Drivers of a 360 View:

- A "Golden Record" across all systems and agencies forms the foundation of a trusted 360 beneficiary view. Successful solutions enable collaboration among all the various constituencies while applying a proven process for identification and resolution of data relationships.
- Records stored across multiple systems often contain conflicting representations of address, date of birth, social security number, and other important data attributes. The ability to understand what data exists and in which formats, along with the ability to automate remediation, are critical for a successful outcome.

An ongoing challenge for many agencies is the ability to reconcile the many records of a single beneficiary that exist across various systems, programs, offices, and agencies. This inability to establish a single beneficiary view creates the potential for lost revenue, fraud, or abuse of the benefit program. Informatica's solutions for benefit programs enable the creation of real-time, unified views of any master data that is often fragmented across multiple systems. This includes data such as payment records, death records, unemployment records, disability payments, and beneficiary information. With a "gold standard" view of an individual, agencies are able to truly see who's who and who did what, across disparate systems, programs, offices, and agencies. Obtaining a single view of a beneficiary helps reduce fraud, waste, and abuse within the benefit program—ultimately increasing detection of improper payments and fraud.

Customer Success

- The US Customs and Immigration Services (USCIS) agency uses Informatica to reconcile 30 years of data with 580 million person-related records into unique identities to accurately depict a person's history and interactions to deliver a self-service view of an individual's complete immigration history and agency interactions across time.
- The US Treasury Department uses Informatica for high-speed, highly accurate identity search and match to support examinations, collections, and criminal investigations. The Department also uses Informatica to support the excise files information retrieval system. A major integrated system tracks movement of fuel to determine if the proper tax is being paid.
- To break down data silos between state agencies and improve delivery of vital human services, the Maryland Department of Human Services uses Informatica to deliver significant cost savings, streamline program operations, and increase agency productivity.

About Master-Data Fueled Applications

Informatica's master data-fueled applications incorporate end-to-end master data management that combines proactive data quality, holistic data governance, end-to-end data integration, and Data as a Service Contact Data Verification and Data Enrichment. With Informatica MDM — Customer 360, MDM — Product 360, and MDM — Supplier 360, companies can master and connect multiple domains across a single Intelligent Data Platform.

For more information, please visit www.informatica.com.

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