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FEDERAL LOW-INCOME PROGRAMS

Use of Data to Verify Eligibility Varies Among Selected Programs and Opportunities Exist to Promote Additional Use

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Use of Data to Verify Eligibility Varies Among Selected Programs and Opportunities Exist to Promote Additional Use

Why GAO Did This Study

Various federal programs provide billions of dollars in assistance to low-income beneficiaries whose eligibility is partially based on their income and, in some cases, assets. Administering agencies, including federal, state, and local agencies, typically verify beneficiaries' income and asset information by comparing it against other sources. To improve program administration and integrity, agencies have increasingly used electronic data to conduct this verification. GAO was asked to review such verification among low-income programs.

This report examines the federal requirements for verifying beneficiaries' income and assets for selected programs and reported data sources used, and reported advantages and challenges for administering agencies and beneficiaries when using data verification. GAO selected six federal programs that provide assistance ranging from tax credits to housing, were among the largest in terms of spending, and varied in administrative structure. GAO reviewed relevant federal requirements and confirmed them with the federal agencies, identified data sources reported in state plans, and reviewed research studies. GAO also interviewed federal officials, officials with associations representing state or local program administrators, and researchers.

What GAO Recommends

GAO recommends that HHS and HUD assess whether sharing additional information about data sources would enhance state and local verification efforts for their respective programs. HHS and HUD agreed with GAO's recommendations.

View GAO-21-183. For more information, contact Kathryn A. Larin at (202) 512-7215 or larink@gao.gov.

What GAO Found

Three of the six programs GAO selected for review that provide assistance to low-income individuals—Housing Choice Vouchers, Medicaid, and Supplemental Nutrition Assistance Program (SNAP)—have federal requirements for agencies administering these programs to use electronic data sources to verify beneficiaries' income as part of determining their eligibility. Housing Choice Vouchers and SNAP agencies are required to use specific data sources, while Medicaid agencies have flexibility in determining which data sources to use. Although the three other selected programs—Earned Income Tax Credit, Low Income Home Energy Assistance Program (LIHEAP), and Supplemental Security Income—do not have federal requirements expressly requiring the use of electronic data to verify income, agencies for all six programs reported at least some use of electronic data. Overall, GAO identified 34 federal (13), state (14), and commercial (7) data sources that agencies across the six programs reported using to verify income or assets. Use of data sources varied across programs. For example, agencies in all six programs reported using state-level data on unemployment compensation to verify income, while agencies in two and three programs reported using state data on income from child support and newly hired employees, respectively. However, the federal agencies that oversee LIHEAP and Housing Choice Vouchers may be missing opportunities to help state or local administering agencies enhance their data verification.

- Based on GAO's review of state plans, 13 agencies administering LIHEAP reported using no electronic data to verify beneficiaries' income, verifying income in other ways, such as checking beneficiaries' documents. The Department of Health and Human Services (HHS) has encouraged LIHEAP agencies to use electronic data to improve program integrity, but has not taken recent steps to share information that could facilitate its use. HHS officials said that doing so could help state agencies' verification efforts.

- State or local public housing agencies administering Housing Choice Vouchers have the flexibility to use other data sources in addition to federally required ones. However, the Department of Housing and Urban Development (HUD) has not made efforts to better understand or share information on the use of other data sources that could further enhance efficiency or accuracy in verifying beneficiary income. Additional efforts could help housing agencies learn about ways to enhance their current data verification practices, according to a HUD official who oversees the program.

GAO identified advantages and challenges in the use of data verification for both agencies and beneficiaries. For agencies, data verification can help reduce improper payments and improve administrative efficiencies, particularly when data are timely and accurate. However, agency officials GAO interviewed also cited challenges including cost and inconsistent data quality that can create inefficiencies. For beneficiaries, agencies' use of data to verify income or assets can reduce documentation beneficiaries must submit or help them receive benefits more quickly, according to GAO's review of studies. However, beneficiaries may experience benefit delays and increased burden if there are data discrepancies to resolve. Federal agencies have made some efforts to address challenges, such as identifying ways to reduce data service costs.

_____ **United States Government Accountability Office**

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Abbreviations

ACF	Administration for Children and Families
AFI	Access to Financial Institutions
CHIP	Children's Health Insurance Program
CMS	Centers for Medicare & Medicaid Services
COVID-19	Coronavirus Disease 2019
CRS	Congressional Research Service
EITC	Earned Income Tax Credit
EIV	Enterprise Income Verification
FNS	Food and Nutrition Service
HCERA	Health Care and Education Reconciliation Act of 2010
HUD	U.S. Department of Housing and Urban Development
IEVS	Income and Eligibility Verification System
IRS	Internal Revenue Service
LIHEAP	Low Income Home Energy Assistance Program
MAGI	Modified Adjusted Gross Income
NDNH	National Directory of New Hires
OASDI	Old Age, Survivors, and Disability Insurance
OMB	Office of Management and Budget
PHA	public housing agency
PPACA	Patient Protection and Affordable Care Act
SNAP	Supplemental Nutrition Assistance Program
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
USDA	U.S. Department of Agriculture

February 25, 2021

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate

The Honorable Charles E. Grassley
United States Senate

Each year, various federal programs provide billions of dollars in cash and non-cash assistance to low-income beneficiaries whose eligibility is partially based on their income and, in some cases, assets. These low-income programs provide supports to address a range of basic needs for recipients including food, health care, and housing, among others. They generally have financial and non-financial eligibility criteria and are often restricted to beneficiaries whose income and sometimes assets fall below the programs' defined eligibility levels.[1] As part of determining beneficiaries' eligibility and, sometimes, benefit amounts, as well as to prevent or identify improper payments, the government agencies administering these programs—which can include federal, state, and local entities—typically verify beneficiaries' financial information by comparing it against other sources. Over the years, administering agencies have increasingly used various electronic data sources to conduct this verification in order to improve program integrity and efficiency and reduce the burden on beneficiaries.[2] Electronic data verification (also known as data matching or, in some cases, data sharing) has

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[1]Depending on the program, beneficiaries may be individuals, families, or households. In this report, we use the term beneficiaries to refer to both applicants for and recipients of the selected low-income programs.

[2]We have long reported on the use of data to verify beneficiaries' eligibility information for low-income programs. For example, see GAO, *Benefit and Loan Programs: Improved Data Sharing Could Enhance Program Integrity,* GAO/HEHS-00-119 (Washington, D.C.: Sept. 13, 2000). More recent reports include GAO, *Human Services: Sustained and Coordinated Efforts Could Facilitate Data Sharing While Protecting Privacy,* GAO-13-106 (Washington, D.C.: Feb. 8, 2013) and GAO, *Supplemental Nutrition Assistance Program: More Information on Promising Practices Could Enhance States' Use of Data Matching for Eligibility*, GAO-17-111 (Washington, D.C.: Oct. 19, 2016).

supplemented and, in some cases, replaced the traditional use of paper documentation to verify beneficiary eligibility information.[3]

You asked us to examine the verification of income and assets using electronic data among low-income programs. This report examines (1) the federal requirements for verifying beneficiaries' income and assets for selected programs, and the data sources agencies reported using; (2) the reported advantages and challenges for the administering agencies when using data to verify income and assets; and (3) the reported advantages and challenges for beneficiaries when agencies use such data.

To answer these questions, we selected six federal low-income programs: Earned Income Tax Credit (EITC),[4] Housing Choice Vouchers, Low Income Home Energy Assistance Program (LIHEAP), Medicaid (Modified Adjusted Gross Income (MAGI) eligible),[5] Supplemental Nutrition Assistance Program (SNAP), and Supplemental Security Income (SSI).[6] We focused our review on programs that provide assistance to address different basic needs of low-income beneficiaries, and selected the largest programs by total federal spending in each of the following categories: cash assistance, energy assistance, food assistance, health

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[3]For the purposes of this report, we defined data verification to include agencies' use of any third party data in helping to determine beneficiaries' financial eligibility, regardless of whether the data requires further follow-up to confirm its accuracy, whether the beneficiary first submitted information to the agency, and how the data verification process occurs (e.g., through batch processing or individual inquiries made in real-time).

[4]EITC is a refundable tax credit, which reduces tax liability dollar-for-dollar and can result in a cash refund for the taxpayer when the credit exceeds the taxpayer's tax liability. In other cases, the EITC may reduce a taxpayer's tax liability but does not result in a refund. For purposes of this report, any federal spending related to the EITC is limited to spending on the refunded portion of the EITC. For more information, see GAO, *Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs,* GAO-15-516 (Washington, D.C.: July 15, 2015).

[5]Medicaid is a joint federal-state health care financing program administered by the states and overseen at the federal level by the Centers for Medicare & Medicaid Services (CMS). In this report, we focus on individuals eligible for Medicaid under rules based on MAGI income-counting methods (referred to as MAGI-eligible). As of January 1, 2014, MAGI-based methods are to be used in determining eligibility for most of Medicaid's populations who are younger than 65 and who do not have a disability. States have more flexibility in determining how to calculate incomes for MAGI-exempt individuals, such as individuals whose eligibility is determined on the basis of age or disability, as their income is not calculated using MAGI-based method.

[6]Our selection of low-income programs is a nongeneralizeable sample. As such, results from our analysis of these programs cannot be generalized to all low-income programs.

care, and housing.[7] In addition, we selected some programs that were solely or primarily federally administered and some that were administered at the state or local level.[8] Finally, before completing our program selection, we conducted initial research to ensure that the agencies administering each program conducted some verification of beneficiaries' income and, in some cases, assets, using at least one electronic data source. In addition, for all three research questions, we interviewed officials from the federal agencies responsible for overseeing the programs and reviewed relevant agency documents. We also interviewed officials with national associations representing state or local administrators of selected programs.[9]

To address our first research question, we identified and summarized programs' federal income and asset verification requirements and the electronic data sources agencies reported using through a two-step process. First, we reviewed relevant federal program laws, regulations, agency guidance, and other documentation, and state plans (where applicable), to compile a standard data collection instrument with information on verification requirements and reported data sources for the six selected programs.[10] Second, to ensure the accuracy and completeness of the information, we obtained confirmation of these requirements and data sources, as of July 2020, from the federal agencies responsible for overseeing, and in some cases administering,

[7]The sources we reviewed when considering low-income programs in different assistance categories were GAO-15-516 and Congressional Research Service, (CRS), *Federal Spending on Benefits and Services for People with Low Income: In Brief,* R45097 (Washington, D.C.: Feb. 6, 2018). We selected the largest programs in terms of fiscal year 2016 federal spending in each CRS-compiled assistance category, with the exception of cash assistance, for which we selected the two largest programs in terms of federal spending (EITC and SSI) due to differences in their processes for verifying beneficiaries' financial information.

[8]For purposes of this report, the term "administering agency" refers to the agency responsible for determining beneficiaries' financial eligibility for each program, which could be a federal, state, or local agency, depending on the program.

[9]In response to your request, we also plan to conduct an additional review focusing on verification practices and potential advantages and challenges among state or local agencies and plan to issue a separate report once that work is completed.

[10]We reviewed (1) LIHEAP state plans for all 50 states and D.C. for fiscal year 2020, and (2) state MAGI-based eligibility verification plans for all 50 states and D.C. in effect as of February and March 2020 because they contained information on data sources used for verification purposes. For SNAP and Housing Choice Vouchers, federal agencies do not regularly collect information on data sources used by administering agencies in state plans.

each program. As part of this process, we asked the federal agencies to confirm or correct the initial information we had compiled on each program and to provide any missing information. To do so, we obtained written responses to our data collection instruments and follow-up requests, and conducted interviews with federal officials. Due to the Coronavirus Disease 2019 (COVID-19) pandemic, we also collected information on changes or flexibilities related to income and asset verification requirements in response to the pandemic for each of our selected programs. We also reviewed relevant Congressional Research Service (CRS) publications, Office of the Inspector General reports, selected state audit reports, as well as prior GAO reports and publications, including GAO's Fraud Risk Framework and federal standards for internal control.[11] Specifically, we compared the selected agencies' use of electronic data verification to leading practices for data matching outlined in the Fraud Risk Framework and key principles on the use of quality information and data in an effective internal control system.

To address our second and third research questions on advantages and challenges for administering agencies and beneficiaries in using electronic data for verification, we interviewed officials with various associations that represent state or local program administrators. These associations included the American Association of SNAP Directors, American Public Human Services Association, National Association of Medicaid Directors, National Energy Assistance Directors' Association, National Governors Association, and the Public Housing Authorities Directors Association. We also interviewed officials from the Internal Revenue Service's (IRS) Taxpayer Advocate Service, an independent organization within IRS that advocates on behalf of taxpayers. For our third research question, we conducted a literature review of studies published in the past 10 years that examined the eligibility determination process for one or more of the selected low-income programs and included findings related to the use of data verification (see app. I for more information on our literature review). In addition, we interviewed two researchers on the impact of electronic verification on program beneficiaries' administrative burden. These researchers were selected

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[11]See GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015) and GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C: September 2014). As part of our audit work, we reached out to the National State Auditors Association to identify any state audit reports relevant to our study. In response to our inquiry to all state auditors, we received reports from four states.

based on the depth and breadth of their relevant research and publications, including books and peer-review studies.

We conducted this performance audit from October 2019 to February 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Selected Low-Income Programs

The six selected federal programs vary in their purpose, type of benefit provided, and program size in terms of federal spending (see table 1).[12] EITC and SSI provide direct cash assistance to beneficiaries, although these two programs differ greatly in purpose, target populations, and administration. The other selected programs provide an in-kind benefit, meaning that the recipient receives a good or service rather than cash. SNAP, EITC, SSI, and Medicaid are entitlement programs, which means that the government is legally required to provide benefits or services to individuals who meet the requirements established by law. As a result, all applicants for these programs who are eligible are entitled to benefits.[13] In contrast, Housing Choice Vouchers and LIHEAP are not entitlement programs, and the number of recipients may be limited, in part, by these programs' funding. In fiscal year 2016, the six programs comprised approximately 71 percent of total federal spending on low-income programs, according to the Congressional Research Service, with Medicaid representing the largest program in terms of spending.[14]

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[12]For prior work comparing federal low-income programs, see GAO-15-516 and GAO, *Federal Low-Income Programs: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules*, GAO-17-558 (Washington, D.C.: June 29, 2017).

[13]Unlike for other selected programs, taxpayers must claim EITC each year on their tax return and do not technically "apply" for the benefit.

[14]See CRS, *Federal Spending on Benefits and Services for People with Low Income: In Brief,* R45097 (Washington, D.C.: Feb. 6, 2018). These spending amounts represent total federal obligations for each program in fiscal year 2016.

Table 1: Program Purpose, Type of Benefit, and Federal Expenditures for Selected Low-Income Programs

Program	Program purpose	Benefit or service provided	Approximate federal spending on benefits (dollars, fiscal year 2019)
Earned Income Tax Credit (EITC)	To offset the burden of taxes, including Social Security taxes; provide an incentive to work; and provide income support to low-income families.	Refundable tax credit to reduce the amount of taxes owed; an eligible worker may receive the full amount of the credit regardless of the amount of taxes owed.	63 billion[a]
Housing Choice Vouchers	To enable very low-income and other eligible families to afford decent, safe, and sanitary housing in the private market.	Tenant-based vouchers that can be used to help recipients afford privately-owned rental housing. In general, recipients pay 30 percent of their adjusted monthly income for rent, with the Department of Housing and Urban Development providing a subsidy for the difference up to a maximum limit based on local Fair Market Rents.	22 billion
Low Income Home Energy Assistance Program (LIHEAP)	To assist low-income households, particularly those with the lowest incomes, that pay a high proportion of their income for home energy, primarily in meeting their immediate home energy needs.	Assistance to households in paying their heating and cooling costs, crisis intervention, home weatherization, and services (such as counseling) to help reduce energy costs.	3.7 billion[b]
Medicaid	To provide medical assistance to qualifying individuals, such as low-income adults, children, pregnant women, elderly adults, and people with disabilities.	State Medicaid programs provide medical benefit packages designed within federal guidelines. Mandatory Medicaid benefits include services such as inpatient and outpatient hospital services, physician services, and laboratory and x-ray services. Optional benefits include services such as prescription drugs, case management, physical therapy, and occupational therapy.	411 billion[c]
Supplemental Nutrition Assistance Program (SNAP)	To alleviate hunger and malnutrition and permit low-income households to obtain a more nutritious diet by increasing their food purchasing power.	Benefits are provided through an electronic benefit transfer card to purchase food from authorized retailers. Allotments are determined on the basis of a low-cost model diet plan.	56 billion[d]
Supplemental Security Income (SSI)	To provide a minimum income for aged, blind or disabled individuals who have very limited income and assets.	Cash assistance. The basic federal SSI benefit is the same for all beneficiaries nationwide (reduced by any countable income). States may supplement the federal benefit.	52 billion[e]

Source: GAO review of agency documentation and prior GAO and Congressional Research Service reports (program and benefit descriptions) and agency documentation (spending amounts). | GAO-21-183

[a]This represents the amount of the EITC that was refunded to taxpayers in calendar year 2019.

[b]This represents the amount of regular block grant funding released to LIHEAP grantees on October 26, 2018.

[c]This represents federal Medicaid spending on program benefits for all Medicaid recipients. However, in this report, we are focusing on individuals eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods.

[d]This represents the total value of SNAP benefits, not including spending on program administration.

[e]This includes SSI federal benefits and state supplementary payments paid by the Social Security Administration.

The six selected programs also vary with respect to their administrative structure, with different federal departments and agencies responsible for overseeing program administration (see table 2). Furthermore, some programs are administered solely or primarily at the federal level, such as EITC and SSI, while others are administered, at least in part, at the state or local level, such as Housing Choice Vouchers, where the state or local public housing agency (PHA) distributes housing benefits. LIHEAP is a block grant, in which state, tribe, or territory grantees have significant discretion in how they administer a set amount of federal funds within certain federal parameters.[15] Programs also differ in their source of funding, as some programs are entirely federally funded, while in other programs, the states and the federal government each contribute some funding for benefits, program administration, or both.

Table 2: Federal Agencies Responsible for Overseeing Selected Low-Income Programs and Programs' Administrative Structure

Program	Federal department, agency, or sub-agency	Do state or local agencies administer the program?
Earned Income Tax Credit	U.S. Department of the Treasury, Internal Revenue Service	No
Housing Choice Vouchers	U.S. Department of Housing and Urban Development, Office of Public and Indian Housing	Yes
Low Income Home Energy Assistance Program	U.S. Department of Health and Human Services, Administration for Children and Families	Yes
Medicaid	U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services	Yes
Supplemental Nutrition Assistance Program	U.S. Department of Agriculture, Food and Nutrition Service	Yes
Supplemental Security Income	Social Security Administration	No[a]

Source: GAO review of agency documentation. | GAO-21-183

[a]Federal SSA field offices primarily administer the program by processing applications for benefits, verifying financial eligibility, and computing benefit amounts; however, following SSA's initial review, state disability determination services offices assess applicants' medical eligibility for SSI.

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[15]In this report we focus on state LIHEAP grantees, including the 50 states and District of Columbia.

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Income and Asset Eligibility Requirements

The six programs we reviewed have a range of federal income—and, in two cases, asset—requirements for eligibility, according to our review of relevant documentation, as confirmed by the relevant federal agencies (see table 3).[16] Specifically, each program establishes income eligibility parameters and sets income limits in various ways, including federally-set specific dollar amounts, percentage of federal poverty guidelines, and percentage of area median income.[17] For some programs, including Housing Choice Vouchers, LIHEAP, Medicaid, and SNAP, financial eligibility requirements vary at the state and sometimes local level within federal guidelines. Income can include both earned income, such as wages and salaries, and unearned income, such as benefits from other assistance programs, depending on the program. However, as we have previously reported, low-income programs differ with respect to whose income is counted, what income is counted, and what expenses are deducted from countable income.[18]

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[16]In this report, we are focusing on individuals eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods. The Medicaid program prohibits asset limits for beneficiaries eligible under rules based on MAGI methods, although states may set resource limits for certain MAGI-exempt populations, such as the elderly. In addition, according to CMS officials, states have options regarding the election of certain MAGI-based eligibility groups, like pregnancy-related coverage.

[17]The federal poverty guidelines are based on the poverty thresholds that the Census Bureau uses to prepare its estimates of the number of individuals and families in poverty, and are updated annually by the Department of Health and Human Services based on the Consumer Price Index for All Urban Consumers. Area median income is determined annually by the Department of Housing and Urban Development based on specified percentages of median family incomes for states and metropolitan and nonmetropolitan areas within states.

[18]GAO-17-558.

Table 3: Federal Income and Asset Eligibility Levels for Selected Low-Income Programs

Program	Federal income eligibility requirement	Federal asset eligibility requirement
Earned Income Tax Credit (EITC)	Based on annual tax year income. For tax year 2019, the credits are completely phased out for taxpayers whose adjusted gross income ranged from $15,570 to $55,952, depending on their filing status and the number of their qualifying children.[a]	None
Housing Choice Vouchers	Generally, income that does not exceed 80 percent of median income for area. However, at least 75 percent of newly available vouchers each year must go to families whose incomes do not exceed the higher of (1) the applicable federal poverty guidelines or (2) 30 percent of area median income.	None (but income from assets is included in annual income)
Low Income Home Energy Assistance Program (LIHEAP)	Grantees can set limit between the greater of 150 percent of federal poverty guidelines or 60 percent of state median income. Income cannot be set below 110 percent of federal poverty guidelines.	None (but grantees can set asset limits)
Medicaid[b]	Generally, for the Modified Adjusted Gross Income (MAGI) population, household income must be below 138 percent of the federal poverty guidelines, with the option for state variation within federal parameters.	None (prohibited)
Supplemental Nutrition Assistance Program (SNAP)	Gross income at or below 130 percent federal poverty guidelines for most households. Elderly or disabled households do not have to pass the gross income test. Net income at or below 100 percent federal poverty guidelines for all households. In states with Broad Based Categorical Eligibility policies, gross income must be set at or below 200 percent of federal poverty guidelines.	$2,250 or less for households without an elderly member or member with a disability. $3,500 or less for households with an elderly member or member with a disability. States with Broad Based Categorical Eligibility policies can have higher assets than the federal level or eliminate the asset limit.
Supplemental Security Income (SSI)	As of January 2020, the monthly earned income break-even amount for an individual beneficiary is $1,651 and monthly unearned break-even amount is $803. For married couples, the amounts are $2,435 and $1,195, respectively.[c]	No more than $2,000 for an individual beneficiary and $3,000 for a married couple.

Source: GAO review of relevant federal laws, regulations, and federal agency documentation and interviews, as confirmed by the agencies. | GAO-21-183

Note: In this table, assets refers to resources, as that term is used by the Medicaid and SSI programs. In addition to any applicable income and asset requirements, programs may also have non-financial eligibility criteria.

[a]Individuals must have earned income to qualify for EITC. Earnings received from work performed as an inmate in a penal institution cannot be used to determine the person's allowable EITC.

[b]In this report, we are focusing on individuals eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods. Federal law provides a 5 percent disregard when using MAGI-based methods, which effectively increases the limit from 133 percent to 138 percent of the federal poverty level. MAGI-based methods are used to determine eligibility primarily for non-elderly, nondisabled individuals. Individuals with disabilities and those 65 years of age and older generally are subject to different methods for determining income and asset eligibility.

[c]SSI's break-even amounts are the amounts of earned or unearned income a beneficiary can have so that the countable income equals the federal benefit rate. If a beneficiary's countable income is at or above those break-even amounts, the beneficiary would no longer be eligible for SSI benefits.

Similarly, the two programs we reviewed with federal asset limits, SNAP and SSI, have different definitions and limits for countable assets.[19] These assets may include financial resources—such as cash held in checking and savings accounts, individual retirement accounts, 401(k)s, and other accounts that can be readily transferred into cash—and nonfinancial resources, such as an extra car or real property that is not the beneficiary's residence. In the case of SNAP, states have some flexibility in their use of asset tests for eligibility. Specifically, some states have adopted Broad-Based Categorical Eligibility policies in which households may be categorically eligible for SNAP if they qualify for non-cash benefits under the Temporary Assistance for Needy Families (TANF) program. Such states are permitted to apply their TANF asset rules, which may have no asset limit, or which may have a limit higher than the federal SNAP asset limit.[20]
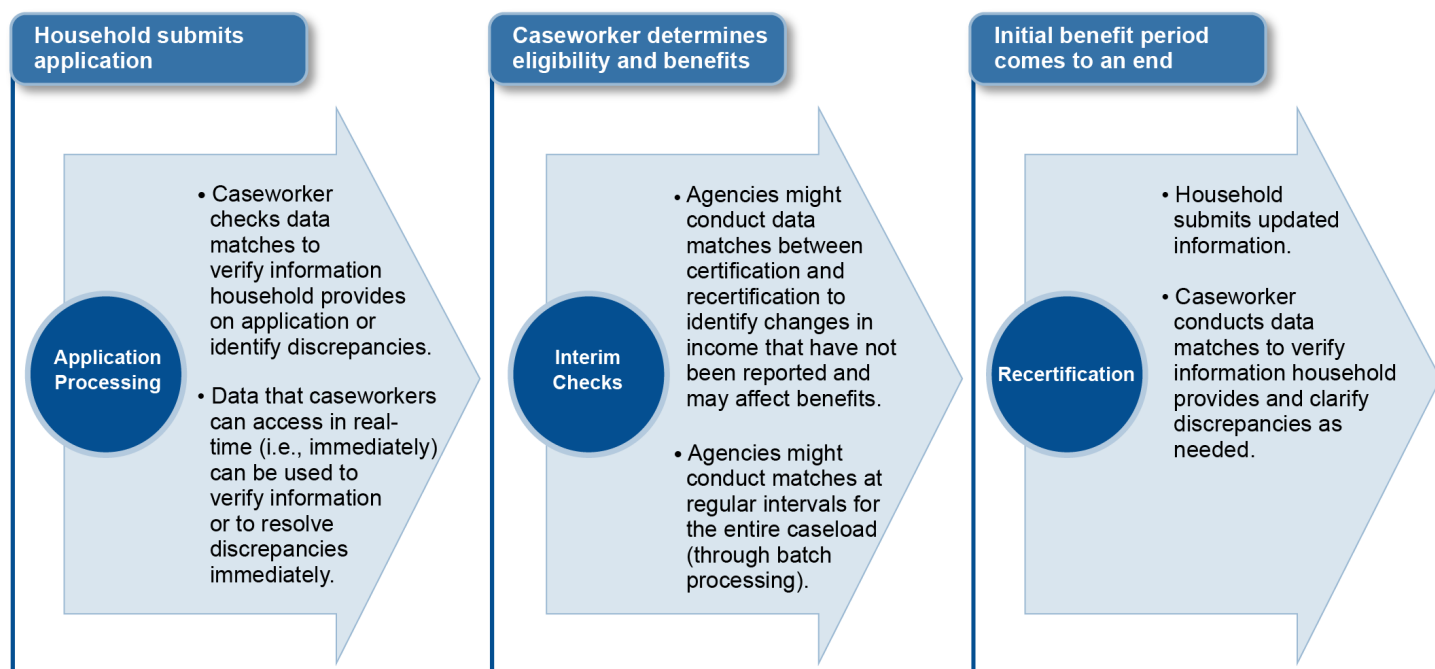
Income and Asset Verification

As part of determining eligibility for the selected programs, administering agencies verify beneficiaries' income and asset information to determine whether they are eligible. This verification can be done in various ways, such as reviewing paper documentation (e.g., pay stubs), making collateral contacts (e.g., a phone call to an employer), or using electronic data verification to compare beneficiary information against other data sources. The electronic data used for income and asset verification often varies by type and program, and these data are maintained in a variety of different systems managed by different government and non-government entities. This electronic data verification can be used to obtain information about households' income and assets, confirm information that beneficiaries provide when they initially apply or recertify for benefits, or identify potential discrepancies. In certain cases, electronic data verification can replace more traditional forms of verifying beneficiary information, such as requiring beneficiaries to supply paper

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[19]Both Medicaid and SSI refer to assets as "resources" for the purposes of eligibility determinations. The Medicaid program prohibits resource limits for beneficiaries eligible under rules based on Modified Adjusted Gross Income (MAGI) methods, although states may have resource limits for certain MAGI-exempt populations, such as those who qualify based on being age 65 or older.

[20]According to the U.S. Department of Agriculture, as of May 2020, 43 states have implemented Broad-Based Categorical Eligibility policies. Of these, 38 states have eliminated asset limits and five states have established asset limits higher than the federal limit. USDA published a notice of proposed rulemaking on July 24, 2019, which proposes limiting SNAP categorical eligibility to those who receive "ongoing and substantial" assistance from TANF, which would be defined as benefits valued at a minimum of $50 per month for at least 6 months. Revision of Categorical Eligibility in the Supplemental Nutrition Assistance Program (SNAP), 84 Fed. Reg. 35,570 (July 24, 2019).

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documentation. Figure 1 provides an example of the use of electronic data matching for determining eligibility and benefit amounts for the SNAP program.

Figure 1: Example of the Use of Electronic Data Matching in the Supplemental Nutrition Assistance Program to Determine Eligibility and Benefit Amounts

Household submits application

Application Processing

- Caseworker checks data matches to verify information household provides on application or identify discrepancies.

- Data that caseworkers can access in real-time (i.e., immediately) can be used to verify information or to resolve discrepancies immediately.

Caseworker determines eligibility and benefits

Interim Checks

- Agencies might conduct data matches between certification and recertification to identify changes in income that have not been reported and may affect benefits.

- Agencies might conduct matches at regular intervals for the entire caseload (through batch processing).

Initial benefit period comes to an end

Recertification

- Household submits updated information.

- Caseworker conducts data matches to verify information household provides and clarify discrepancies as needed.

Source: Prior published GAO analysis of information from U.S. Department of Agriculture's Food and Nutrition Service and state SNAP agencies. | GAO-21-183

Program Integrity

Electronic data verification is one tool that can enhance program integrity by reducing improper payments—payments that should not have been made or that were paid in incorrect amounts—by helping agencies identify undisclosed beneficiary income and assets. According to federal agencies' estimates we previously reported, for fiscal year 2019, several of the low-income programs we reviewed were among those programs and activities with the highest improper payment estimates: Medicaid ($57.4 billion), EITC ($17.4 billion), SSI ($5.5 billion), and SNAP ($4

billion).[21] Executive branch agencies are required by law to take various steps regarding improper payments in accordance with guidance issued by the Office of Management and Budget (OMB), such as identifying programs and activities that may be susceptible to significant improper payments, developing and publishing estimates, analyzing the root causes, and developing corrective actions to reduce them.[22] OMB's root cause categories for improper payments include those related to data and verification, including the inability to authenticate eligibility due to lack of data, failure to verify financial data, and insufficient documentation to verify the accuracy of a payment.

Three of the Six Selected Programs Have Federal Requirements to Use Electronic Data for Verification and Agencies across the Six Reported Using Over 30 Data Sources

Three of the six selected low-income programs had requirements for the administering agency to verify income, including through the use of electronic data, and one of the selected programs had requirements for the administering agency to verify assets, according to our review of

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[21]GAO, *Payment Integrity: Federal Agencies' Estimates of FY 2019 Improper Payments,* GAO-20-344 (Washington, D.C.: Mar. 2, 2020). We reported that agency-reported improper payment estimates across federal programs for fiscal year 2019 totaled about $175 billion. These estimates include both overpayments and underpayments. They also treat as improper any payment whose propriety the agency cannot determine, as a result of insufficient or lack of documentation.

[22]31 U.S.C. §§ 3351-3352. Prior to March 2, 2020, executive agency responsibilities regarding the estimation and reporting of improper payments were governed primarily by the Improper Payment Information Act of 2002, as amended (IPIA). Pub. L. No. 107-300, 116 Stat. 2350. The Payment Integrity Information Act of 2019 (PIIA), Pub. L. No. 116-117, 134 Stat. 113 (2020), repealed IPIA and several related laws and instead enacted substantially similar requirements as a new subchapter in Title 31 of the U.S. Code.

relevant documentation, as confirmed by federal agency officials.[23] However, across all six selected programs, administering agencies reported at least some use of electronic data for verifying income eligibility, even if not specifically required to do so in federal program requirements. Overall, we identified 34 data sources across the six selected programs that agencies reported using to verify income or assets, some of which they were required to use by federal laws or regulations. Federal agencies overseeing two of the selected programs administered at the state or local level have not collected or shared potentially useful information on data verification practices among state or local agencies.

Federal Requirements for the Use of Electronic Data, Documentation, and Frequency of Verification Vary Among the Selected Programs

Income Verification

Administering agencies for three of the selected programs—Housing Choice Vouchers, Medicaid, and SNAP—are generally required to use electronic data to verify beneficiary income. In some cases, administering agencies are required to use specified electronic data sources. For instance, state SNAP agencies and PHAs—the administering agencies for Housing Choice Vouchers—are required to use several specified electronic data sources to verify beneficiary eligibility.[24] For Medicaid, the administering agencies are generally required to use electronic data for verifying beneficiary income, but have flexibility in determining exactly which sources to use. For EITC and SSI, federal program laws and regulations do not explicitly require the administering agencies to verify

[23]The descriptions of program eligibility verification requirements in this report were developed using a two-part methodology of (1) reviewing relevant program documentation, such as federal laws, regulations, and guidance, and (2) confirming the information with the federal agency that oversees the program. We did not independently verify the legal accuracy of the information provided. The purpose of this process was to identify requirements found in federal program laws and/or regulations for the administering agencies to verify beneficiary income and assets. A review of other, non-program specific laws and/or regulations was outside the scope of this report. Where we identified program verification processes or practices found solely in agency policy, we note such processes in our report where relevant.

[24]We discuss which specified data sources are required later in this section.

beneficiaries' income information electronically, but the overseeing federal agencies have policies to do so. LIHEAP, a block grant program administered by state or other types of grantees, also does not have federal data verification requirements, though federal Administration for Children and Families (ACF) guidance strongly encourages LIHEAP grantees to use electronic data to verify beneficiary income.[25] (See table 4.)

The three programs with electronic income verification requirements also had some federal requirements related to obtaining documentation or using other non-electronic information sources to verify beneficiary income. Two of these programs—Housing Choice Vouchers and SNAP—classify certain types of evidence as preferable over other types for verification purposes.[26] For example, Housing Choice Voucher beneficiaries are required to provide evidence of current and consecutive pay stubs to supplement mandatory electronic data verification. PHAs are allowed to use less preferable verification techniques, such as oral third party verification, if more preferable forms of documentation are unavailable (see sidebar). In the case of Medicaid, administering agencies generally may not require additional documentation from beneficiaries except in certain circumstances, such as if the information is unavailable electronically.

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[25]See LIHEAPIM-2010-6. According to ACF, this guidance was developed in response to GAO, *Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls Are Needed,* GAO-10-621 (Washington, D.C.: June 18, 2010). In that report, we recommended that HHS evaluate the feasibility of using third party sources to provide assurance that individuals do not exceed maximum income thresholds for LIHEAP. HHS took steps in response to this recommendation, including issuing guidance to LIHEAP grantees encouraging them to make use of government systems to ensure the validity of applicants and decrease errors.

[26]For SSI, SSA agency policies also outline preferable types of documentary evidence.

Table 4: Federal Requirements for Administering Agencies to Verify Beneficiaries' Income for Selected Low-Income Programs

Program	Requirement(s) to verify income using electronic data	Requirement(s) to verify income using documentation or other non-electronic forms of verification	Requirement(s) regarding the frequency of income verification
EITC	None. (However, based on agency policy, IRS conducts a series of pre-refund compliance checks to compare income and withholding information on tax return forms to third party data.)	None. (IRS does not require documentation, such as Form W-2s, 1099s, and interest statements, to be filed with the tax return. However, IRS may request this information if it identifies potential noncompliance with eligibility requirements. Also, taxpayers submitting a paper return may need to attach their Form W-2, according to IRS policy.)	EITC is an annual credit, and must be reclaimed each year by qualified taxpayers, at which time IRS conducts compliance checks.
Housing Choice Vouchers	For each new tenant and for interim and mandatory reexamination, the PHA is required to verify tenant-reported income through Enterprise Income Verification System in addition to obtaining documentation.[a]	PHAs must obtain minimum documentation of two current and consecutive pay stubs or the best available information, using a verification hierarchy for the most preferred documentation available.	PHAs must conduct recertification of family income and composition at least annually. For certain families, PHAs are permitted to implement streamlined income determinations with full reexamination required every 3 years.
LIHEAP	None[b] (However, the use of data verification is encouraged by federal agency guidance.)	None[b]	N/A[c]
Medicaid[d]	The state agency must request and use information relevant to verifying an individual's financial eligibility for Medicaid through electronic data sources, to the extent that data are available and the state agency determines the data useful.	If information (including income information) provided by or on behalf of an individual is reasonably compatible with information obtained by the agency from a data source, the state agency must determine eligibility at the point of application based on such information. An applicant must not be required to provide additional information or documentation unless information is unavailable electronically or the information obtained electronically is not reasonably compatible. At renewal, the state must determine whether there is sufficient information from the available electronic data sources or other reliable information to determine that the individual continues to be eligible. If there is insufficient information, the state must send the individual a renewal form to complete and return.	The eligibility of Medicaid beneficiaries must be renewed once every 12 months, and no more frequently than once every 12 months, except if the state receives information about a change in an individual's circumstances that may affect eligibility.

Program	Requirement(s) to verify income using electronic data	Requirement(s) to verify income using documentation or other non-electronic forms of verification	Requirement(s) regarding the frequency of income verification
SNAP	To verify income, state SNAP agencies are required to use specified electronic data sources, in addition to obtaining documentation.	State agencies are required to consider documentary evidence as the primary source of verification for all eligibility categories except residency and household size. Documentary evidence consists of a written confirmation of a household's circumstances. Examples include pay stubs, rent receipts, and utility bills.	Certification periods vary based on state determinations; however, generally, it cannot exceed 12 months with the exception of certain households.[e] Households may have to report changes in income during the certification period, which would be verified by the states.
SSI	None. SSA may be required to verify relevant eligibility information using independent or collateral sources, but there is no specific requirement to use electronic data sources. (However, SSA has federal authority to verify SSI beneficiaries' income through various specified data sources, and SSI program policy also outlines the use of these data sources to verify beneficiary income.)	None. SSA may be required to verify relevant eligibility information using independent or collateral sources, but there is no specific requirement to use documentation or other non-electronic information sources. (However, many of SSI's verification and documentation requirements are in SSI program policy.)	SSA is generally required to redetermine eligibility on a scheduled basis at periodic intervals. (According to agency policy, the length of time between scheduled redeterminations can vary depending on the likelihood that the beneficiaries' situation may change in a way that affects their benefits. For instance, for beneficiaries with fluctuating income, SSA may verify income as often as monthly. SSA also may redetermine eligibility when SSA learns of a change in the situation which affects eligibility or benefit amount or if there is a suspicion of fraud.[f])

Acronyms: Earned Income Tax Credit (EITC), Internal Revenue Service (IRS), Low Income Home Energy Assistance Program (LIHEAP), public housing agency (PHA), Supplemental Nutrition Assistance Program (SNAP), Social Security Administration (SSA), and Supplemental Security Income (SSI).

Source: GAO review of relevant federal laws, regulations, and federal agency documentation, as confirmed by the agencies. | GAO-21-183

Notes: This table shows federal requirements based on provisions in federal program laws and/or regulations, although this table also provides some information on program processes or practices based on agency policy, where relevant. This table does not show any variation between states or local agencies, is not meant to be a comprehensive list of program income verification requirements, and does not address categorically eligible beneficiaries.

[a]PHAs are permitted to implement streamlined requirements for verifying fixed income sources for families with an unadjusted income consisting of 90 percent or more from fixed income sources, such as from SSI and pension plans. PHAs obtain the family's declaration that their fixed income sources have not changed in the 2 intervening years between full reexaminations.

[b]LIHEAP is a block grant and therefore many requirements, including electronic data and documentation verification, are left up to the administering grantee, according to our analysis and agency officials.

[c]LIHEAP defers benefit periods for each energy component to each grantee. Depending on the grantee, the energy components offered may include heating, cooling, crisis, and weatherization assistance. Generally, grantees typically make benefits under an individual energy component available to beneficiaries during a specific time period once per year. There may be exceptions under crisis assistance policies established by grantees.

[d]This report only examines individuals eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods—primarily non-elderly, nondisabled individuals. Individuals with disabilities and those 65 years of age and older, and for whom this is a condition of eligibility for their eligibility group, are subject to different income and asset requirements under Medicaid.

[e]State SNAP agencies may extend the certification period up to 24 months if all adult household members are elderly or have a disability.

Federal requirements for the frequency of income verification for the six selected programs vary from periodic (allowing for monthly in some cases), to annual, to every 24 months (for certain populations). The administering agencies for Housing Choice Vouchers, Medicaid, SNAP, and SSI are authorized to conduct more frequent income verification within a single benefit period, such as when a beneficiary's income changes due to new employment. For the EITC, qualified taxpayers must claim the credit for each tax year. Upon receiving a tax return, IRS follows a series of processes to verify income and identify misreported income, and conducts additional checks if a tax return is audited. Although there are no federal program requirements regarding the frequency of income verification for LIHEAP beneficiaries, they are generally eligible for each energy component once per year and must reapply each year, depending on state rules, according to ACF officials.[27]

[27]LIHEAP grantees may offer assistance on up to four energy components: heating, cooling, weatherization, and crisis assistance. ACF officials noted that the frequency with which beneficiaries are eligible for each energy component may vary by component, and LIHEAP assistance provided under a crisis also typically has unique rules.

In response to the COVID-19 pandemic, federal agencies implemented various flexibilities to the standard income verification procedures for our selected programs, under existing program authorities as well as new authorities created by recent legislation (see text box).

Examples of Flexibilities Related to Income Verification Procedures for Selected Low-Income Programs in Response to the COVID-19 Pandemic

In response to the COVID-19 pandemic, the federal agencies responsible for our selected programs implemented a variety of flexibilities to their programs' income verification procedures. We collected this information in June and July 2020, but flexibilities may be modified as conditions change. For instance:

Earned Income Tax Credit: For all tax returns, the Internal Revenue Service (IRS) updated its internal policy manual with additional documentation that taxpayers would be allowed to use if their employer was unable to submit Form W-2 or if the business was not open to answer IRS third party contact requests for income verification, according to IRS officials.

Housing Choice Vouchers: Under waiver authority granted by the CARES Act, the Department of Housing and Urban Development permitted public housing agencies (PHA) to delay required annual income verifications until December 31, 2020, or, if the PHA chooses to conduct the annual verification, it may consider self-certification as the highest form of income verification and forgo the use of electronic verification for interim reexaminations.

Low Income Home Energy Assistance Program (LIHEAP): Federal guidance clarified that LIHEAP grantees have broad flexibility in administering the program and that LIHEAP grantees may choose to adjust program operation timeframes, eligibility rules, or change their income eligibility cut-off, so long as it is set below the federally permitted maximum.

Medicaid: State Medicaid agencies are generally permitted to provide Medicaid benefits to applicants based on self-attested information and then follow up within a reasonable period of time with required verification following the individual's affirmative eligibility determination and enrollment in lieu of checking data sources or requesting other needed documentation prior to enrollment. According to federal agency officials, state Medicaid agencies were reminded of the existing authority to modify the state's verification policies, and states may choose to limit modification of their policies to the COVID-19 emergency period.

Supplemental Nutrition Assistance Program (SNAP): The Food and Nutrition Service (FNS) did not specifically waive income verification requirements for SNAP. However, the Families First Coronavirus Response Act provided state SNAP agencies the opportunity to adjust household application and reporting requirements, with FNS approval. FNS announced that all interested state SNAP agencies were temporarily allowed to extend the certification periods for up to 6 months for households with benefits scheduled to expire or periodic reports due on or before June 30, 2020. Additional extensions were approved for some states.

Supplemental Security Income (SSI): The Social Security Administration (SSA) temporarily suspended certain adverse actions that would normally result in a reduction, suspension, or termination of SSI benefits, and resumed many of these actions on August 31, 2020, according to SSA officials.

Source: GAO analysis of information provided by agencies and selected agency regulations and guidance. | GAO-21-183

Asset Verification

The Housing Choice Voucher program was the one selected program that has specific federal requirements for verifying assets. Although there are no asset limits for this program, PHAs are required to verify beneficiary assets annually for families with net assets worth over $5,000, so that income from those assets can be included in a beneficiary's total income, and every 3 years for families with net assets worth $5,000 or less. Rather than being verified electronically, beneficiary assets for Housing Choice Vouchers should be verified using third party verification, such as

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bank statements, according to Department of Housing and Urban Development (HUD) officials. In contrast, the two selected programs with federal asset limits, SSI and SNAP, do not expressly require the administering agency to verify assets electronically, using documentation, or in other ways.[28] For SSI, although SSA is not explicitly required to do so by the federal program laws or regulations, SSA agency policy specifies the use of electronic data and documentation to verify beneficiaries' assets.[29] For SNAP, the decision to require asset verification is delegated to the states. (See table 5.)

Table 5: Federal Requirements for Administering Agencies to Verify Beneficiaries' Assets for Selected Low-Income Programs

Program	Requirement(s) to verify assets using electronic data	Requirement(s) to verify assets using documentation or other non-electronic forms of verification	Requirement(s) regarding the frequency of asset verification
Housing Choice Vouchers	None	Public housing agencies (PHA) must obtain third party verification of all family assets using a verification hierarchy for the most preferred documentation available to identify income from assets.	All family assets are verified upon admittance to the Housing Choice Voucher program. Families declare assets each year. In a 3-year cycle, a PHA may accept a family's declaration that it has net assets equal to or less than $5,000 for the intervening 2 years between recertifications, without taking additional steps to verify the accuracy of the declaration. PHAs are required to verify assets for such families every 3 years. For families whose declared net assets total over $5,000, PHAs are required to verify those assets during each annual redetermination.
Supplemental Nutrition Assistance Program (SNAP)	None.[a]	None.[a]	None.[a]

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[28]As described earlier, we reviewed requirements for the Medicaid MAGI population, for whom there are no asset limits. Asset limits apply to certain non-MAGI populations; however, we did not review these as part of the scope of this report.

[29]Programs may consider different types of assets countable for eligibility. SSI counts cash, bank accounts, stocks, and bonds, among other assets. SSI excludes the value of one car if used for transportation, but any additional cars are included.

Program	Requirement(s) to verify assets using electronic data	Requirement(s) to verify assets using documentation or other non-electronic forms of verification	Requirement(s) regarding the frequency of asset verification
Supplemental Security Income (SSI)	None. SSI beneficiaries must give Social Security Administration (SSA) permission to contact and request financial information from any financial institution, but SSA is not required to obtain this information electronically. (However, SSA has federal authority to use data sources to verify beneficiary assets and SSI program policy also outlines the use of these data sources to verify beneficiary assets.)	None. SSA may be required to verify relevant eligibility information using independent or collateral sources, but there is no specific requirement to use particular sources. SSI beneficiaries must give SSA permission to contact and request financial information from any financial institution, but SSA is not required to obtain this information in this manner. (However, per SSI program policy, SSA requests documentation to verify ownership and current market value of all countable resources, with preference for evidence types considered more reliable or accurate. Examples of reliable evidence include documents such as property ownership deeds, tax documents, life insurance policy documents, stock certificates, and others.)	SSA must redetermine eligibility on a scheduled basis at periodic intervals; however, there are no specific requirements regarding the frequency of asset verification. (According to agency policy, assets are verified at initial claims, annual redeterminations for certain beneficiaries, and any time there is a report of a change in assets that may affect eligibility or payment amounts, or as needed if there is suspicion of fraud.)

Source: GAO review of relevant federal laws, regulations, and federal agency documentation, as confirmed by the agencies. | GAO-21-183

Notes: This table shows federal requirements based on provisions in federal program laws and/or regulations, although this table also provides some information on program processes or practices based on agency policy, where relevant. This table does not show any variation between states or local agencies and is not meant to be a comprehensive list of program asset verification requirements. Additionally, agencies may use different terminology for the concepts and processes laid out in this table. For example, SSA uses the term resources to refer to assets. For comparison purposes, we used consistent terminology to describe similar concepts and processes between programs.

[a]Asset verification requirements are determined by state SNAP agencies.

Agencies for Selected Programs Reported Using Over 30 Different Electronic Data Sources to Verify Income or Assets

Across the six selected programs, we identified 30 different electronic data sources agencies reported using to verify beneficiary income, according to our review of relevant documentation, as confirmed by

federal agencies.[30] As part of this analysis, we categorized each data source as "federally required," "federally authorized," or "other," depending on the specific requirements for each program.[31] We found that Housing Choice Vouchers and SNAP require administering agencies to use specified data sources for income verification. For instance, state SNAP agencies are required to verify unearned income using data from SSA on Old Age, Survivors, and Disability Insurance (OASDI) and from state unemployment insurance systems, among other sources. For Medicaid and SSI, administering agencies may make use of federally authorized data sources. For example, state Medicaid agencies may, but are not required to, verify a beneficiary's income using an Income and Eligibility Verification System (IEVS) and other data sources if the state

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[30]The information presented in this report on these electronic data sources was developed using a two-part methodology of (1) reviewing relevant documentation, such as federal laws, regulations and guidance; and (2) confirming the information with the federal agency that oversees the program. In some cases, there may be state or local requirements for the use of other data sources; however, we did not review such requirements for this report, as our focus was on federal program requirements. To identify data sources used by administering agencies to verify income for LIHEAP and Medicaid, we reviewed LIHEAP state plans and state MAGI-based eligibility verification plans for Medicaid from all 50 states and the District of Columbia. To identify data sources used to verify income for SNAP, we reviewed data sources identified in GAO-17-111, which surveyed state SNAP agencies, as well as a recent report sponsored by USDA. See U.S. Department of Agriculture, Food and Nutrition Service, *Assessment of States' Use of Computer Matching Protocols in SNAP: Final Report*, (Rockville, MD: Avar Consulting, Inc., August 2020), available at
https://www.fns.usda.gov/snap/assessment-states-use-computer-matching-protocols.

[31]In this report, we use the term "federally required" to refer to cases where federal program laws and/or regulations expressly require the administering agencies to use specific data sources to verify beneficiaries' income or asset eligibility; "federally authorized" to refer to cases where federal program laws and/or regulations expressly authorize the use of specific data sources by administering agencies, but do not require their use; and "other" to refer to additional data sources that may be used by the agencies for such purposes, but are not expressly required or authorized by federal program laws or regulations (although they may be specified in agency policy).

Medicaid agency determines the data useful.[32] Similarly, there are various data sources SSA is federally authorized but not required to use to verify beneficiaries' income for SSI eligibility. Additionally, agencies for all six of the selected programs reported at least some use of electronic data for verifying income eligibility, including various other data sources, even if not expressly required to do so by federal program laws or regulations. For instance, the majority of state agencies administering LIHEAP reported using various data sources, although the use of these sources is not specified in federal program laws or regulations. Table 6 lists federally required, federally authorized, and other electronic data sources used by two or more of the programs we reviewed. (For a full list of federally required, federally authorized, and other data sources used by the selected programs for income verification, see app. II.)

Table 6: Federally Required and Other Data Sources Agencies Reported Using to Verify Beneficiary Income for Selected Low-Income Programs, Reported for Two or More Selected Programs

Electronic Data Source and Description	EITC	Housing Choice Vouchers[a]	LIHEAP	Medicaid[b]	SNAP	SSI
Federal Data Sources						
Federal tax data: Earned income (e.g., W-2 forms) and unearned income (e.g., interest and dividends from 1099 forms), which could include matches with the Beneficiary Earning Exchange Record	○	—	—	◐[c,d]	●[c]	●
National Directory of New Hires: National database of employer's reports on 1) newly hired employees' information collected from state directories of new hires and federal agencies, 2) individuals who received or applied for unemployment benefits, and 3) employees' wage amount from state workforce agencies or federal agencies	—	●[e]	—	◐*[f]	●[g]	◐
Office of Personnel Management: Pension data from Office of Personnel Management	—	—	—	—	○*	◐

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[32]Under a state Income and Eligibility Verification System (IEVS), administering agencies conduct matches with several data sources, including quarterly wage and unemployment information from state systems, earnings and benefit information from SSA, and unearned income information collected by IRS. For Medicaid, IEVS and other data sources are listed in federal regulations; however, state Medicaid agencies can decide to use these sources if determined to be useful for verifying beneficiaries' financial eligibility. Accordingly, we categorized such data sources as "federally-authorized" for purposes of eligibility verification for Medicaid. HHS regulations require each state Medicaid agency to develop a verification plan describing the eligibility verification policies and procedures adopted by the state agency. State Medicaid agencies indicate whether a data source is useful for reviewing beneficiary eligibility in their state MAGI-based eligibility verification plan. State Medicaid agencies can also indicate in these plans other data sources used for income verification purposes. According to CMS officials, the agency would not find it reasonable for a state to determine that no sources are useful.

Electronic Data Source and Description	EITC	Housing Choice Vouchers[a]	LIHEAP	Medicaid[b]	SNAP	SSI
Old-Age, Survivors, and Disability Insurance (OASDI): Income information from direct data matches with SSA[h]	—	●[e]	○*	◐[c,d]	●[c]	◐
Public Assistance Reporting Information System federal and Veterans Affairs files: Earnings or retirement income from Department of Defense and the Office of Personnel Management and benefits received from the Department of Veterans Affairs	—	—	—	◐*	○	—
Supplemental Security Income (SSI): Information from direct data matches with SSA[i]	—	●[e]	○*	◐[c,d,j]	●[c]	N/A
State Data Sources						
Child support data: Child support payments from direct data matches with state programs	—	—	○*[f]	—	○	—
Income information verified by SNAP, TANF, Medicaid, state general assistance, or other such programs: Income and benefit information from state-run programs	—	—	○[k]	◐[l]	○	◐[m]
State directories of new hires: Databases of employer reports of newly hired employees collected by states	—	—	○*	○*[f]	○	—
State quarterly wage database: Wage information from employers covered by state unemployment insurance programs, such as from State Wage Information Collection Agencies	—	●	○*[f]	◐[c]	●[c]	◐[n]
State tax filings: Earned and unearned income information from state tax returns	—	—	—	○*[f]	○*	—
Unemployment compensation: Information from state unemployment programs	○[o]	●	○	◐[c]	●[c]	◐[n]
Commercial Data Sources						
The Work Number: Commercial source of data with payroll information from participating employers	—	○[p]	○*	○[d]	○	○[q]

Legend:

● Federally required data sources (federal program laws and/or regulations expressly require the administering agencies to use these data sources)

◐ Federally authorized data sources (federal program laws and/or regulations expressly authorize the use of these data sources by administering agencies)

○ Other data sources (not expressly required or authorized by federal program laws or regulations)

* Used by fewer than half of state agencies for LIHEAP, Medicaid, or SNAP, based on our review of fiscal year 2020 LIHEAP state plans, Medicaid eligibility verification state plans in effect as of February and March 2020, a 2016 GAO report on SNAP and a 2020 report sponsored by Food and Nutrition Service on SNAP state agencies' use of data matches. (We did not include data sources that were reported to be used by one state agency.)

— Data source not reported to be used.

Acronyms: Earned Income Tax Credit (EITC), Low Income Home Energy Assistance Program (LIHEAP), Supplemental Nutrition Assistance Program (SNAP), Social Security Administration (SSA), and Temporary Assistance for Needy Families (TANF).

Source: GAO analysis of relevant federal laws, regulations, and agency documentation, as confirmed by the agencies. | GAO-21-183

Note: If a data source is indicated as "other" or blank, it does not necessarily mean that the agency is not authorized to use it. For example, use of the data source may be authorized under other, non-program laws or regulations. Also, a blank entry may mean that an agency has authorization to use a data source, but is not currently doing so.

[a]We did not have either state-level or local-level data for Housing Choice Vouchers, and instead collected the information on data sources by reviewing federal laws and regulations, interviewing federal agency officials and a stakeholder organization, and confirming this information with federal

agency officials. However, public housing agencies may use additional data sources that are not included in this table.

[b]This report only examines beneficiaries eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods. We indicate several sources as federally authorized because state Medicaid agencies can decide to use these sources if determined to be useful for verifying financial eligibility of an individual.

[c]Part of the Income and Eligibility Verification System.

[d]Part of the federal data services hub.

[e]Part of the Enterprise Income Verification system.

[f]Data sources used by between two and five state LIHEAP or Medicaid agencies.

[g]State SNAP agencies are only required to use the New Hires file from the National Directory of New Hires. However, some states also report using the unemployment compensation and state wage files.

[h]OASDI matches include State On-Line Query, State Verification and Exchange System, and Beneficiary and Earnings Data Exchange.

[i]SSI matches include State On-Line Query, State Verification and Exchange System, and State Data Exchange.

[j]SSI income is excluded from MAGI-based Medicaid eligibility calculations.

[k]LIHEAP state plans indicated use of income information from SNAP or TANF.

[l]Medicaid regulations authorize income data from state programs including SNAP and TANF.

[m]This information is from SSA's Access to State Records Offline, in which states provide SSA access to state data on service programs such as Medicaid, TANF, SNAP, and other programs. States may also provide information on participation history, residence and household data, and payment history.

[n]This information is from SSA's Interstate Benefit Inquiry Agreements, which enable SSA to access online the most recent quarterly wage data and weekly unemployment insurance benefit payment data from participating states.

[o]State unemployment compensation information is provided through Form 1099-G.

[p]No information was available on how many public housing agencies use The Work Number.

[q]While SSA is not expressly required or authorized to use The Work Number specifically, the agency has authority to obtain information from payroll data providers under certain conditions. Payroll data providers include payroll providers, wage verification companies, and other commercial or non-commercial entities that collect and maintain data regarding employment and wages, without regard to whether the entity provides such data for a fee or without cost.

Across the six selected programs, several used the same data sources or had centralized data systems to support their income verification efforts. Data from SSA on OASDI and SSI were among the most commonly used federal data sources among these programs. The most common state-level data sources were those providing information on quarterly wages and unemployment compensation. A commercial data source, The Work Number, was used in five of the six programs. However, within state-administered programs, the extent to which administering agencies used

data sources varied.[33] Additionally, we found that for three programs, federal agencies developed centralized electronic data systems or portals that enable access to multiple data sources, including those providing income information (see text box).

Centralized Data Sources

For three of our selected low-income programs, federal agencies developed centralized electronic data systems or portals that enable access to multiple data sources to facilitate the verification of beneficiaries' income eligibility.

- **Enterprise Income Verification System.** The Department of Housing and Urban Development (HUD) implemented the first version of the Enterprise Income Verification System (EIV) in 2005 to verify employment and income information for beneficiaries in HUD housing assistance programs. EIV contains multiple data sources, including monthly new hires information; quarterly wage reports; quarterly unemployment compensation information; Old Age, Survivors, and Disability Insurance; and Supplemental Security Income benefits.
- **Federal data services hub.** Centers for Medicare & Medicaid Services (CMS) developed this centralized system to help state Medicaid agencies and other entities verify beneficiary information to determine eligibility for enrollment in Medicaid, as well as other health insurance programs. State Medicaid agencies may connect to the federal data services hub, which can link to income information from federal sources, including Social Security Administration income data, federal tax data, and data from commercial sources, such as The Work Number.
- **Information Returns Master File.** Although somewhat different from other centralized systems, IRS verifies Earned Income Tax Credit (EITC) and other tax return data through the Information Return Master File system, which consolidates third party data from various sources, such as income from W-2s and income from assets reported on specified 1099 forms.

Source: Prior GAO work and interviews with agency officials. | GAO-21-183

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[33]For The Work Number, for instance, in GAO-17-111 we identified in 2016 that most SNAP agencies used this data source. Similarly, based on our examination of the most recently available state MAGI-based eligibility verification plans for Medicaid, which we reviewed in February and March 2020, 38 state Medicaid agencies reported using The Work Number. In contrast, in reviewing LIHEAP state plans for fiscal year 2020, we found that only six LIHEAP grantees reported using The Work Number to verify beneficiary income.

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We also identified four additional electronic data sources used to verify beneficiary assets among the selected programs. Specifically, SSA has established two data sources to detect assets among SSI beneficiaries in order to reduce improper payments: Access to Financial Institutions (AFI) to verify bank account data (see sidebar) and Non-home Real Property to detect ownership of real property other than a primary place of residence.[34] We also identified two different sources to identify assets used by at least some state SNAP agencies.[35] (See Table 7 for a complete list of data sources selected programs reported using to verify assets.)

Table 7: Electronic Data Sources Agencies Reported Using to Verify Beneficiary Assets for Selected Low-Income Programs that Have Asset Limits or Asset Verification Requirements

Electronic data source and description	Housing Choice Vouchers[a]	Supplemental Nutrition Assistance Program	Supplemental Security Income (SSI)
State data sources			
Motor vehicle registration: State level records for vehicles registered and owned by state residents	—	○	—
State or county property records: State level agency for property ownership	—	○	—
Commercial data sources			
Access to Financial Institutions: Financial account information from financial institutions where SSI individuals declare an account, as well as from financial institutions within geographic proximity of an SSI individual's residence address to identify the presence of undisclosed financial accounts	—	—	◖[b]

[34]We previously reported that AFI was one of multiple efforts SSA has made to reduce improper payments. See GAO, *Supplemental Security Income: SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight,* GAO-13-109 (Washington, D.C.: Dec. 14, 2012).

[35]For this report, we focused on beneficiaries eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods for whom there are no asset limits; however, in prior work we have reported on states' use of data matches to verify assets for individuals seeking Medicaid coverage for long term care, for whom there are asset limits. See GAO, *Medicaid Long-Term Care: Information Obtained by States about Applicants' Assets Varies and May Be Insufficient,* GAO-12-749 (Washington, D.C.: July 26, 2012).

Electronic data source and description	Housing Choice Vouchers[a]	Supplemental Nutrition Assistance Program	Supplemental Security Income (SSI)
Non-home Real Property (Lexis Nexis): Information on beneficiaries' non-primary home real property resources from third party sources	—	—	○

Legend:

◐ Federally authorized data sources (federal program laws and/or regulations expressly authorize the use of these data sources by administering agencies)

○ Other data sources (not expressly required or authorized by federal program laws or regulations)

— Data source not reported to be used.

Source: Information from U.S. Department of Agriculture, Department of Housing and Urban Development, and the Social Security Administration. | GAO-21-183

Note: If a data source is indicated as "other" or blank, it does not necessarily mean that the agency is not authorized to use it. For example, use of the data source may be authorized under other, non-program laws or regulations. A blank entry may mean that an agency does have authorization to use a data source, but the agency is not currently doing so.

[a]Public housing agencies are required to verify beneficiary assets annually for families with net worth over $5,000, so that income from those assets can be included in a family's total income, and every 3 years for families with net worth of $5,000 or less. Family assets are to be verified using third party verification, such as documentation, rather than through electronic data.

[b]SSA is federally-authorized to obtain SSI beneficiaries' financial account information electronically, but is not required to use a specific commercial data source.

Two Federal Agencies Overseeing Selected Programs Have Not Collected or Shared Potentially Useful Information with State or Local Agencies

The extent to which federal agencies have made recent efforts to identify and share potentially useful information on state or local data verification practices varied among the four selected programs that are administered by state or local agencies. Specifically, the federal agencies overseeing Medicaid and SNAP (Centers for Medicare & Medicaid Services (CMS) and Food and Nutrition Service (FNS), respectively) have made recent efforts to identify and share information, such as states' data verification practices, while the federal agencies overseeing LIHEAP and Housing Choice Vouchers (Administration for Children and Families (ACF) and Department of Housing and Urban Development (HUD), respectively) have not made such efforts.

- **Medicaid.** CMS has disseminated recent information to state Medicaid agencies related to data verification practices, including a presentation in 2019 that described promising data verification

processes, among others related to determining eligibility.[36] Additionally, CMS officials said that the agency regularly provides one-on-one assistance to states to determine if additional or alternative data sources would assist the state in processing timely and accurate income eligibility determinations. Based on our review of state MAGI-based eligibility verification plans for Medicaid, most state agencies reported using SSA data matches, state data on wages, and state unemployment compensation information, among other sources.[37]

- **SNAP.** FNS has sponsored and disseminated multiple studies over the years on the data matching practices of state SNAP agencies to verify eligibility information, including one completed in August 2020 in response to our prior recommendation.[38] According to FNS officials, the results from the August study will allow FNS to better understand how state SNAP agencies choose to focus their data matching efforts, determine where to gather more information about promising practices that can be further disseminated, and consider what additional technical assistance resources may be useful for state agencies. As discussed earlier, SNAP administering agencies are required to use multiple data sources to verify income, including federal and state-level sources. Other sources that the majority of SNAP agencies reported using to verify income included The Work Number, state directories of new hires, and state data on child support, based on our prior work in 2016 and FNS's 2020 study.[39]

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[36]See, CMS's Medicaid and CHIP Learning Collaboratives, "Medicaid and CHIP MAGI Application Processing: Ensuring Timely and Accurate Eligibility Determinations" (March 25, 2019 and April 8, 2019), available at https://www.medicaid.gov/state-resource-center/downloads/mac-learning-collaboratives/timely-accurate-eligibility.pdf. Other presentations by CMS's Medicaid and CHIP Learning Collaboratives that contained information on data verification practices among state Medicaid agencies included one on renewals in August 2015 and another on real-time eligibility determinations in June 2015. For additional information on these presentations, see https://www.medicaid.gov/resources-for-states/mac-learning-collaboratives/expanding-coverage-under-medicaid-and-chip/index.html.

[37]See app. II for list of data sources state Medicaid agencies reported using to verify income based on our review of state plans available in February and March 2020.

[38]See GAO-17-111 and app. III for additional information on the prior recommendation, and U.S. Department of Agriculture, *Assessment of States' Use of Computer Matching Protocols in SNAP*, August 2020.

[39]See GAO-17-111.

- **LIHEAP.** ACF issued guidance in 2010 encouraging LIHEAP grantees to use data to verify beneficiary income—as there are no federal laws or regulations requiring grantees to do so—and took other actions in subsequent years to encourage grantees to employ data verification and other program integrity practices.[40] However, ACF has not taken steps in recent years to share additional information or promising practices that could help LIHEAP agencies enhance their data verification efforts.[41] The majority of state LIHEAP agencies used some data sources to verify beneficiaries' income, based on our review of state LIHEAP plans.[42] However, 13 state LIHEAP agencies did not report using any electronic data sources for income verification.[43] Also fewer than half of state LIHEAP agencies reported using data matches that were more commonly used in other selected programs, such as OASDI income information from SSA, state quarterly wage data, or The Work Number. By considering what additional information or assistance would be useful to share with LIHEAP agencies, ACF could help these agencies enhance their data verification efforts. ACF officials agreed that such steps could be useful. For example, ACF officials told us that they would like to form a grantee-based working group focused on program integrity in fiscal year 2021 that would explore how state data sharing systems have evolved. Such a working group could help ACF consider what information or assistance would be most useful to provide to state LIHEAP agencies in order to enhance their data verification efforts.

[40]For instance, ACF modified the template for the LIHEAP plan to add a specific section on program integrity, including data sources used to verify eligibility information. Among other efforts, ACF also posted information on state practices related to data verification on its website in 2013. See ACF, *LIHEAP Income Verification Examples from States,* November 2013, available from The LIHEAP Clearinghouse, https://liheapch.acf.hhs.gov/delivery/verification_incomexamples.htm.

[41]We searched for information on data verification practices that could be useful for state LIHEAP agencies to enhance their own verification efforts on the LIHEAP Clearinghouse, an information hub for LIHEAP state agencies or other grantees. The relevant information we identified was generally from 2014 or earlier.

[42]States are required to submit a plan to ACF each year as part of their annual application for LIHEAP funding. These plans include, among other things, a section on the methods used by the state to verify household income. Based on our review of state LIHEAP plans for fiscal year 2020, the most commonly-reported data sources used for income verification were state information from another low-income program, such as SNAP or TANF (31 state agencies) and state unemployment insurance data (27 state agencies). See app. II for list of data sources state LIHEAP agencies reported using to verify income.

[43]LIHEAP agencies that are not using electronic data verification may be using other non-electronic information sources to verify beneficiaries' income.

- **Housing Choice Vouchers.** HUD has facilitated centralized access to several federal data sources through the Enterprise Income Verification (EIV) system. These data sources are the National Directory of New Hires (NDNH) and income data from SSA programs, including OASDI and SSI. PHAs may use other data sources in addition to the EIV system, such as The Work Number, to further enhance the efficiency or accuracy of their verification efforts but little is known with respect to how PHAs are using other data sources to verify beneficiaries' financial eligibility. The approximately 3,300 PHAs are not required to report the use of data verification sources for Housing Choice Vouchers to HUD. HUD has also not made other efforts to better understand how PHAs are using other data verification sources, such as by surveying PHAs or by soliciting and sharing potentially useful information in existing forums attended by PHAs.[44] Yet, according to HUD's verification hierarchy, upfront use of non-HUD data systems is a preferred method of verification after mandatory use of HUD's EIV system.[45] A HUD official who oversees the Housing Choice Vouchers program agreed that HUD had limited visibility in knowing what other data verification practices PHAs may use, and that considering ways to share or provide additional information without being overly prescriptive to PHAs could be valuable. With additional consideration of ways to further understand the other data sources both used by PHAs, as well as other low-income programs, HUD may be able to leverage opportunities to identify and share information on potentially useful practices.

Within applicable federal requirements, state or local agencies administering the low-income programs we reviewed generally have the flexibility to determine which data sources would be feasible or useful. For instance, it may not be feasible for some administering agencies to verify income information using federal tax data, which can only be shared under specified circumstances defined in statute.[46] The use of other data in administering low-income programs also requires privacy and security

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[44]According to HUD officials, PHAs regularly participate in regional calls to learn about and discuss various topics and share best practices and other information.

[45]HUD's verification hierarchy provides a general framework, but other than EIV, does not outline the use of specific data sources.

[46]IRS is prohibited from sharing federal tax return information except in specific circumstances defined in statute. 26 U.S.C. § 6103.

considerations, as we have reported in the past.[47] Furthermore, cost constraints, challenges in establishing data sharing agreements, and increased beneficiary burdens are competing factors for administering agencies in considering the usefulness of additional data matches, as we describe in the next sections of the report.

Despite these potential issues, ACF and HUD may be missing opportunities to share information on useful electronic data sources with state or local agencies administering their respective programs. GAO's Fraud Risk Framework states that data matching to verify information necessary to determine eligibility, among other data analytic practices, can enable programs to identify potential fraud or improper payments, and, in the next section, we describe examples of ways that programs have improved program integrity through data verification.[48] Additionally, federal standards for internal controls call for agencies to obtain and communicate necessary quality information with external parties in order to achieve the agency's objectives.[49] Similarly, our prior work has found that federal agencies can help state agencies improve their information systems by acting as a facilitator to help states share their models or practices with other states.[50] If ACF and HUD took additional actions to consider the range of data sources available in order to provide information on potentially useful practices, state or local administering agencies could be better positioned to improve program integrity, experience greater administrative efficiencies, and place fewer burdens on program beneficiaries.

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[47]For instance, in GAO-13-106, we noted that human services agencies, including those that administer assistance for low-income individuals, obtain a great deal of personal information from their clients that, if not properly protected, could be vulnerable to wrongful use or disclosure. Accordingly, various laws and regulations, including those at the federal level, have established requirements that protect individuals' privacy. In other work, we have reported on the importance of establishing proper privacy protections and security controls for personal information. See GAO, *Information Security: Protecting Personally Identifiable Information,* GAO-08-343 (Washington, D.C.: Jan. 5, 2008).

[48]GAO-15-593SP. Other leading practices include combining data across programs, pursuing external data and data-sharing agreements, and taking a risk-based approach by considering the benefits and costs of investing in specific tools.

[49]GAO-14-704G.

[50]GAO, *Human Services Integration: Results of a GAO Cosponsored Conference on Modernizing Information Systems*, GAO-02-121 (Washington, D.C.: Jan. 31, 2002).

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Reported Advantages of Data Verification for Administering Agencies Include Improved Program Integrity and Efficiency, While Challenges Include Data Access and Quality

Agencies face both advantages and challenges when using electronic data to verify beneficiary income and assets, according to our analysis of agency documents, prior GAO reports, other documentation, and interviews with federal officials and stakeholder organizations. Some advantages when administering agencies use data include improving program integrity by finding undisclosed beneficiary earnings, reducing improper payment rates, and improving administrative efficiency. On the other hand, agencies may also face challenges, including access to certain data sources and the cost of data. In addition, some data may be easier to verify than others and agencies may face tradeoffs in using certain sources over others.

Electronic Data Verification Can Identify Unreported Income and Reduce Manual Verification

Program Integrity

Various federal efforts among the six programs we reviewed have focused on reducing improper payments by using electronic data to strengthen the income verification process. Some examples include:

- **EITC.** A change in statute allowed IRS earlier access to employer data, which we previously testified shows promise for combatting improper payments.[51] Specifically, legislation enacted in 2015 moved the Form W-2 filing deadline for employers to earlier in the year, providing IRS with additional time to review and compare refundable tax credit claims, such as EITC, against employer data before releasing the funds to beneficiaries.[52] IRS officials told us that because the agency is required to hold EITC payments until February

[51]GAO, *2017 Filing Season: New Wage Verification Process Holds Promise but IRS Faced Implementation Challenges,* GAO-17-525T (Washington, D.C.: Apr. 26, 2017).

[52]Pub. L. No. 114-113, div. Q, § 201, 129 Stat. 2242, 3076 (2015) codified at 26 U.S.C. § 6071(c). Forms W-2 and W-3 and returns reporting non-employee compensation are to be filed by January 31. These provisions also provide additional time for the IRS to review refund claims based on the earned income tax credit and the refundable portion of the child tax credit in order to reduce fraud and improper payments.

15, this additional time allows IRS to receive approximately 90 percent of the third-party information used to verify EITC returns before that date.

- **Housing Choice Vouchers.** HUD initially developed the EIV system to verify beneficiary income, help identify unreported income, and reduce voucher overpayments.[53] HUD officials attributed some of the decline in housing assistance programs' improper payments to electronic data matching and told us that the EIV system helps ensure beneficiaries receive the correct benefit amount.

- **SNAP.** FNS provides funding, in the form of a 50/50 match, to state SNAP agencies to strengthen upfront eligibility determination in various ways, including through improved verification using electronic data matching. The U.S. Department of Agriculture's 2019 Agency Financial Report notes that this funding could be used, for example, to help state SNAP agencies work towards implementing additional supports to reduce agency errors and prompt accurate data entry and verification checks.

- **SSI.** According to SSA officials, undisclosed real property separate from a beneficiaries' principal place of residence—non-home real property—is one of SSI's leading causes of improper payments. Officials said SSA implemented a process in fiscal year 2017 to identify non-home real property from a commercial data source to help verify individuals' real property resources. According to officials, in fiscal year 2018, the first full year of implementation, SSA estimated that this process resulted in total SSI savings of $155 million and achieved a return-on-investment of $19 to $1.

Over the years, we have made a number of recommendations to federal agencies related to the use of data matching or data analytics to reduce improper payments or identify fraud. (See sidebar.) (For more information on relevant prior recommendations across selected programs, see app. III.)

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[53]For more information on the initial development of EIV, see GAO, *Rural Housing Service: Efforts to Identify and Reduce Improper Rental Assistance Payments Could Be Enhanced,* GAO-12-624 (Washington, D.C.: May 31, 2012).

Administrative Efficiency

Data matches that can be accessed in real-time, through a centralized system, or automated in some way can help program administrators certify beneficiaries more quickly or reduce the need to revisit eligibility or benefit determinations multiple times. For example, we previously reported some of the administrative efficiencies that can result from the use of electronic data verification through centralized data systems in selected case study states (Michigan and Utah).[54] The use of data systems that are centralized or integrated across programs can also improve program efficiencies. For example, according to ACF officials, integrated databases, which provide secure data sharing between multiple programs, can allow LIHEAP grantees to exchange beneficiary information with other low-income programs. When properly administered, such integrated databases can expedite the approval of applications, reduce paperwork, and facilitate administrative efficiency through cross-program coordination, reducing duplicative collection of beneficiary eligibility information, according to ACF officials.

Data sources that are determined to be highly accurate allow program administrators to use the information without having to conduct additional verification, which can also improve program efficiency.[55] For example, FNS considers data matches that are from a primary or original source and are not questionable—such as matches with SSA on the amount of OASDI a household receives—to be sufficiently reliable for verification purposes. As a result, SNAP administrators can use this information without taking additional steps to verify the data through additional documentation or follow-up, according to FNS guidance. In prior work, we reported that state SNAP agencies we interviewed found such data useful, as they enable efficient and accurate SNAP eligibility determinations.[56]

Agencies Administering These Programs May Face Data Access and Quality Challenges

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[54]GAO-13-106.

[55]Federal law generally requires that government agencies administering benefits using matching programs verify information from matches before reducing or terminating benefits unless specified government entities have determined that there is a high degree of confidence that the information is accurate. 5 U.S.C. § 552a(p).

[56]GAO-17-111.

Data Access and Cost	Access to certain data given data sharing agreements, security standards, and other issues may be challenging, particularly when administering agencies are at the state or local levels. For example, ACF officials said that obtaining access to data matches with SSA was challenging for state LIHEAP grantees, with some waiting 2 or more years to establish a data-sharing agreement with SSA. This can be particularly challenging given LIHEAP's administrative structure, according to ACF officials, as the program is sometimes administered by non-profits or other subgrantees who can find it difficult to meet high data security standards required to establish data-sharing agreements with SSA. ACF officials told us that it can sometimes be easier for LIHEAP agencies to access SSA data by modifying an existing data-sharing agreement with another program (e.g., SNAP) if administered by the same state agency rather than establishing a new data-sharing agreement directly with SSA. In another example, we previously reported that as of 2004, only some PHAs were able to use an early HUD system to match beneficiary information against state wage and employment databases, and those PHAs had to be located in states where HUD already had data matching agreements.[57] To overcome this limitation, after receiving statutory authority to conduct data matching with the National Directory of New Hires,[58] HUD entered into an interagency agreement with HHS in 2005 and established EIV to enable all PHAs to centrally access this federal data source.

It can be resource intensive—both in terms of time and cost—for agencies to develop and maintain new data matching systems that facilitate the verification of beneficiary income and assets, according to interviews with agency officials and our prior reports. For example, SSA officials said they are in the process of implementing an information exchange that will obtain batch wage information from a commercial payroll provider.[59] This data source is currently under development, although SSA's Office of the Inspector General noted that SSA originally planned to have this data exchange implemented in 2017. In another example, we previously reported that it took 3 years to establish a data-sharing agreement between HUD and HHS when developing the EIV

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[57]GAO-12-624.

[58]Pub. L. No. 108-199, div. G, § 217, 118 Stat. 3, 394-97 (2004) (codified at 42 U.S.C. § 653(j)(7)).

[59]This data exchange was authorized by section 824 of the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, § 824, 129 Stat. 584, 607-10.

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system.[60] HUD also made technology investments to develop the EIV system, with an initial investment of several million dollars and, in the years following development of the system, an estimated average maintenance and development cost of $700,000 per year. HUD officials told us that, as of August 2020, components of EIV were becoming outdated due to insufficient funding for system updates and ongoing maintenance costs.

In addition, it can be costly for agencies to use certain data sources, including commercial data sources. For example, HUD officials said that they previously considered contracting with a commercial company to access beneficiaries' bank account information to verify assets, but did not use the service in part due to costs. They also said that HUD completed a study in fiscal year 2020 on wage data providers that determined such data sources were beneficial, but also very expensive. In addition, both federal officials and stakeholder groups stated that the commercial service, The Work Number, while generally considered useful for income verification, can be expensive for agencies to use. In our prior work on SNAP, we recommended that FNS take steps to help SNAP agencies with challenges related to commercial data costs by analyzing spending and data needs of commercial data services across federal and state contracts, which FNS agreed with and implemented.[61] More recently, FNS requested funding in its fiscal year 2021 budget justification to support a national-level contract for data matching services that would allow FNS to standardize pricing across the country. According to FNS, this funding would ultimately increase efficiency and reduce costs nationwide.

Characteristics of Electronic Data

Certain types of data may be more difficult to verify electronically than others. Some types of unearned income, such as payments from other government programs, may be easier to verify electronically than earned income, such as wages, because unearned income data matches tend to be with the primary or original source, may have more up-to-date information, and may be accessible in real-time (i.e., immediately), among other factors. In contrast, various data sources used to verify earned income may each have potential advantages and challenges (see table 8). In addition, agencies generally reported that asset data was more difficult to electronically verify than income data, given that there are fewer data sources available on assets. For example, FNS officials said

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[60]GAO-12-624.

[61]GAO-17-111.

that asset verification for SNAP agencies was challenging due to a general lack of data sources. In addition, agencies may consider a wide range of assets in determining eligibility, but the data sources available to verify assets are not inclusive of all asset types. Specifically, HUD officials noted that a consolidated data source for assets would be complex, as assets could come from a variety of financial institutions or transactions (e.g., bank accounts, stocks, real estate transactions, or insurance policies, among others).

Table 8: Characteristics of Selected Data Sources and Potential Advantages and Challenges When Used for Eligibility Verification for Low-Income Programs

Data source(s)	Potential advantages for determining program eligibility	Potential challenges for determining program eligibility
Earned Income		
Earnings and tax data from the Beneficiary Earnings Exchange Record or state records	• Matches include taxed income, including self-employment earnings, which is not available in other national data sources.	• Information may be unavailable until 1 year or more after the calendar year it represents. • Tax records may not provide detail on changes in employment, hours worked, or wage rates during the year, which may be information needed by some programs.
National Directory of New Hires (NDNH) New Hire file or state directories of new hires	• NDNH includes federal agency and multi-state employer hires, which state directories may lack. • New hires appear in state directories within 20 days, and may be accessed from state directories in real time.	• NDNH and state directories provide employment information, but do not provide income amounts. • NDNH matches sent to state agencies may not include new hires within the last 30 days.
NDNH or state Quarterly Wage files	• NDNH includes federal agency and multi-state employer wages, which state files may lack. • States make their files available before the national file, and may provide real-time access.	• NDNH and state files may be unavailable until months after a quarter has ended. • NDNH and state files may not provide detail on changes in employment, hours worked, or wage rates during the quarter, which may affect program benefits.
The Work Number	• Matches provide information from the last pay period and can be accessed in real time. • For some programs (e.g., Supplemental Security Income), information from The Work Number may be considered a primary source without requiring additional confirmation.	• Data are available from participating employers only. • For some programs (e.g., Supplemental Nutrition Assistance Program), information from The Work Number is considered a secondary source, requiring additional confirmation.

Source: Analysis of previously-published GAO information on data sources. | GAO-21-183

Note: This list provides a brief overview of advantages and challenges of some data sources and is not meant to be a comprehensive list of every characteristic.

Overall, agencies may face trade-offs in comprehensiveness, timeliness, and other measures of accuracy with respect to data sources used for income or asset verification. For example, in our prior work on SNAP data matching, we reported that some earnings data sources, such as The

Work Number and certain state sources, did not include all employers, while more comprehensive sources, such as NDNH and tax data, were out-of-date, lacked relevant details, or were unavailable in real-time.[62] Similarly, in our prior work on Medicaid we reported that the quarterly wage data used by several state Medicaid agencies to verify income did not detect certain nonwage income (e.g., self-employment income), which could have been identified had the agencies instead used less recent but more comprehensive data sources, such as state or federal tax data.[63]

Such data trade-offs can affect program integrity and program efficiencies. For instance, while data verification can help identify improper payments, it can also result in improper payments when data are inaccurate, untimely, or incomplete. SSA officials told us that frequent fluctuations in beneficiaries' wages can make electronic data verification particularly challenging and can lead to improper payments issued to beneficiaries. Accordingly, data sources with out-of-date or limited information require agencies to conduct additional, follow-up verification or use paper documentation instead. For example, HUD officials told us that some data sources, such as NDNH, do not provide data current enough for program verification requirements, requiring PHAs to use other sources of information, such as pay stubs, for income verification.[64] The amount of time agencies spend conducting manual reviews, addressing duplicative data matches, and resolving discrepancies can be substantial. In prior work, in which we surveyed state SNAP agencies about the use of income-related data matches for eligibility verification,

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[62]GAO-17-111.

[63]GAO, *Medicaid Eligibility: Accuracy of Determinations and Efforts to Recoup Federal Funds Due to Errors,* GAO-20-157 (Washington, D.C.: Jan. 13, 2020).In that report we also noted that officials interviewed from one state stated that although federal tax data contain more complete information on nonwage income sources, the data can be up to 2 years out-of-date and that there are significant security requirements to access the data.

[64]Specifically, HUD regulations provide that the PHA must receive information verifying that an applicant is eligible within the period of 60 days before the PHA issues a voucher to the applicant. 24 C.F.R. § 982.201(e). Accordingly, HUD guidance specifies that documents establishing eligibility must be no more than 60 days old, but, according to HUD officials, certain data from the National Directory of New Hires may not be available until later.

the issue the most states found challenging was following up to verify information provided by those matches.[65]

The use of any additional data source may need to be balanced with a cost-benefit determination, given the time and investment needed for verification. For instance, one stakeholder organization stated that the costs associated with using certain sources for income and asset verification, such as administrative inefficiencies, must be balanced with the associated advantages, such as in the case of LIHEAP, which they said can provide relatively small benefit amounts, given the size of the program. Alternatively, agencies may be able to gain efficiencies based on assessing the risk of whether beneficiary information is accurate. For example, Centers for Medicare & Medicaid Services (CMS) regulations allow for Medicaid benefit renewals without requiring additional documentation from the beneficiary if the information provided by the beneficiary is at or below the applicable income standard. CMS documentation indicated that officials from multiple states reported that Medicaid's renewal process allowed for a reduction in administrative costs, reduced time-consuming manual work, and faster application processing times.

Reported Advantages of Electronic Data Verification for Beneficiaries Can Include More Accurate and Timely Benefit Delivery, while Certain Issues Can Lead to Benefit Delays and Inaccuracies

The use of electronic data to verify income and asset information can lead to various advantages for the beneficiaries of selected low-income programs, according to our review of relevant studies, our prior work, and interviews with federal officials, stakeholder groups, and researchers. Specifically, electronic data verification can reduce the amount of documentation beneficiaries must provide and improve the delivery of benefits, among other advantages. At the same time, issues with electronic data verification can contribute to challenges for beneficiaries, including benefit delays and inaccurate eligibility determinations, among others.

[65]In that report, state officials noted that following up on data matches to ensure information was accurate and up-to-date could be time intensive and difficult to achieve. For more information, see GAO-17-111.

Electronic Data Verification May Reduce Beneficiary Effort and Improve Timeliness and Accuracy of Benefit Delivery

Reducing Beneficiary Effort

Electronic data verification can reduce the effort beneficiaries must expend to learn about and comply with program requirements and procedures, including collecting, retaining, and submitting necessary documentation.[66]

SNAP. One 2015 study in our literature review noted that SNAP beneficiaries who were denied benefits due to procedural reasons generally found that completing and submitting their SNAP applications were easy parts of the eligibility process, but providing documentation for verification was extremely difficult. (See sidebar.) These beneficiaries cited confusion regarding what verification materials to collect, difficulty obtaining such information and employer confirmation, and uncertainty regarding what actions to take if

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[66]Researchers we interviewed framed this effort required of beneficiaries as a combination of "learning costs"—the effort beneficiaries must expend to learn about program requirements and procedures—and "compliance costs"—the effort beneficiaries must expend to comply with those requirements. For more information, see Pamela Herd and Donald P. Moynihan, *Administrative Burden: Policymaking by Other Means* (New York: Russell Sage Foundation, 2018).

verification information was missing.[67] Accordingly, data verification may help certain beneficiaries when used in place of other verification processes that can be confusing, time-consuming, or otherwise challenging. A 2010 study on SNAP found that agency staff in one state reported that electronic data helped reduce the number of SNAP applications that were denied due to insufficient documentation.[68] We also previously reported that agency use of The Work Number could help reduce the burden on SNAP beneficiaries by eliminating the need to confirm their earnings by collecting pay stubs or contacting employers, according to officials we interviewed for that review.[69]

- **Medicaid.** A study on Medicaid in one state prior to changes made in response to the Patient Protection and Affordable Care Act (PPACA)[70] found that a new state requirement for applicants and current beneficiaries to manually provide their own documentation of income and health insurance shifted the verification burden from the state to beneficiaries and corresponded with a dramatic decrease in Medicaid participation over the 1-year period following the

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[67]Gretchen Rowe, Andrew Gothro, Elizabeth Brown, Lisa Dragoset, and Megan Eguchi, *Assessment of the Contributions of an Interview to SNAP Eligibility and Benefit Determinations: Final Report.* Prepared by Mathematica Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service, May 2015. The authors spoke with 38 SNAP clients from two states in either focus groups or one-on-one interviews who had been denied benefits for procedural reasons, such as not submitting verification documents. These clients were approximately evenly split between a demonstration group, in which eligibility interviews were not required at certification and recertification, and a comparison group, in which eligibility interviews were required. The study noted that demonstration clients in both states who were approved for and received SNAP benefits reported being very satisfied with the application process. The findings from this study are not generalizable.

[68]U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *Enhancing Supplemental Nutrition Assistance Program (SNAP) Certification: SNAP Modernization Efforts: Final Report*, by Gretchen Rowe, Carolyn O'Brien, Sam Hall, Nancy Pindus, Lauren Eyster, Robin Koralek, and Alexandra Stanczyk. Project officer Rosemarie Downer (Alexandria, VA: June 2010).

[69]See GAO-17-111.

[70]Pub. L. No. 111-148, 124 Stat. 119 (2010), as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA), Pub. L. No. 111-152, 124 Stat. 1029. In this report, references to PPACA include any amendments made by HCERA.

implementation of the new requirement.[71] In contrast, two studies on Medicaid after implementation of PPACA examined the use of automatic eligibility certifications, in which eligibility was determined within 24 hours, and automated renewals, which leveraged information from available data sources. The studies reported that leveraging such existing data, which did not require significant action on the part of beneficiaries, may have helped reduce short-term gaps in beneficiaries' health insurance coverage, according to Medicaid and other officials interviewed or surveyed for the studies.[72]

- **LIHEAP.** One state audit report we identified found documentation issues associated with some beneficiaries' applications that may have improperly precluded them from LIHEAP eligibility. The state auditors recommended that the state LIHEAP agency use additional data available from other state agencies in their verification of beneficiaries' total income. As evidenced in other selected programs we reviewed, using such electronic data sources could reduce LIHEAP beneficiaries' effort in the eligibility process.

- **SSI.** According to SSA officials, the availability of electronic data from wage verification companies, such as The Work Number and the Access to Financial Institutions (AFI) system, reduces the burden on SSI beneficiaries to provide necessary evidence of their income and assets, which they might otherwise need to mail into an SSA office. Researchers we interviewed also noted that asset verification by the

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[71]Pamela Herd, Thomas DeLeire, Hope Harvey, and Donald P. Moynihan, "Shifting Administrative Burden to the State: The Case of Medicaid Take-Up," *Public Administration Review* 73, no. s1 (September/October 2013), S69–81. According to the study, the new verification requirements were put in place in Wisconsin in May 2004. Between June 2004 and June 2005, there was a 20 percent decrease in child enrollment and an almost 18 percent decrease in parent enrollment. While the study noted there were no other major program changes during this short time period, this study was not designed to support causal inferences for this change and did not control for other factors that may have contributed to a decline in enrollment.

[72]Tricia Brooks, Lauren Roygardner, and Samantha Artiga, *Medicaid and CHIP Eligibility, Enrollment, and Cost Sharing Policies as of January 2019: Findings from a 50-State Survey* (San Francisco, CA: Kaiser Family Foundation, 2019); and Emily Zylla, Caroline Au-Yeung, Elizabeth Lukanen, and Christina Worrall, *Assessment and Synthesis of Selected Medicaid Eligibility, Enrollment, and Renewal Processes and Systems in Six States*, prepared by State Health Access Data Assistance Center for Medicaid and CHIP Payment and Access Commission at the University of Minnesota (October 2018). For the second study, authors interviewed Medicaid officials in six states: Arizona, Colorado, Florida, Idaho, New York, and North Carolina. The individuals interviewed for the study included Medicaid eligibility and policy staff, other state and local agency staff, and representatives from an advocacy organization. The findings from these studies are not generalizable.

selected programs, in particular, can be especially confusing for beneficiaries, both in terms of understanding what assets need to be reported and how to value and report those assets.

- **Housing Choice Vouchers.** HUD officials told us that due to information available in the EIV system, Housing Choice Voucher beneficiaries in some cases may no longer need to provide certain evidence of unearned income, such as a benefit letter from SSA.

Agencies' effective use of electronic verification may also reduce the need for beneficiaries to participate in interviews or other in-person follow-up interactions with agency caseworkers. For example, according to SSA officials, the use of electronic data verification reduces the need for SSI beneficiaries to visit an SSA office as part of their eligibility determination process. In addition, the 2010 SNAP study noted that staff in one state reported that caseworkers' use of electronic data allowed beneficiaries to avoid some of the time and effort typically required when participating in interviews.[73] The 2015 SNAP study found that in certain circumstances, such as when beneficiaries had submitted complete applications, caseworkers were able to use electronic data to verify financial information without direct interaction with some beneficiaries.[74] According to the study's authors, this could be particularly helpful for some SNAP beneficiaries, such as those who worked during agency business hours and who might find it challenging to meet with a caseworker.[75] Meanwhile, according to agency officials that were interviewed as part of the 2018 Medicaid study, the integration of online applications with agency eligibility systems improved customer service by allowing beneficiaries to access assistance at any time and avoid submitting information in person.[76] One stakeholder group we spoke with shared similar thoughts, noting that, in general, online eligibility verification for Medicaid can ease the application process for program beneficiaries.

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[73]Rowe et al, *SNAP Modernization Efforts: Final Report*, 2010.

[74]However, the report also noted that the quality of data for verification was particularly important in the absence of an interview, (since conducting follow-up with a beneficiary to clarify information could be time consuming). Also, the report noted that cases that were complex, new, incomplete, or had informal work (among other situations) could benefit from an interview and could help beneficiaries understand verification requirements.

[75]Rowe et al, *Assessment of SNAP Interviews*, 2015.

[76]Zylla et al, *Selected Medicaid Eligibility, Enrollment, and Renewal Processes,* 2018.

Improving Benefit Delivery and Support

The use of electronic data for verification may also improve the delivery of benefits by helping agencies provide benefits more quickly, more accurately, and with enhanced support from caseworkers. We identified two studies showing some evidence of this in state Medicaid programs. A 2019 study (also mentioned above) found that the majority of state Medicaid agencies can conduct automated eligibility recertifications and make eligibility determinations within a 24-hour period by using electronic data.[77] Another study reported in 2020 that such quick eligibility determinations (i.e., within 24 hours) were associated with increased participation in Medicaid.[78] According to CMS officials, the availability of reliable electronic data also reduced the risk that eligible beneficiaries lost coverage for procedural reasons. For SNAP, staff in one state who were interviewed as part of a 2013 study reported feeling more confident in the accuracy of their eligibility determinations because of a new data verification system the state implemented to process beneficiaries' applications.[79] In the case of EITC, systemic verification, an IRS process that compares taxpayers' tax return information to third-party data, allowed the agency to release returns and provide EITC benefits more quickly without requiring further action on the part of taxpayers, according to IRS officials. Additionally, for LIHEAP, ACF officials said that data verification can help speed up the delivery of LIHEAP benefits, especially when LIHEAP agencies are able to verify large sets of SSA data in a short period of time, such as overnight.

By enhancing the efficiency and accuracy of the eligibility determination process, electronic data verification can also allow agencies to improve caseworker support provided to beneficiaries. In a prior report, we found

[77]Brooks et al, *Medicaid and CHIP Eligibility*, 2019.

[78]Ashley M. Fox, Edmund C. Stazyk, and Wenhui Feng, "Administrative Easing: Rule Reduction and Medicaid Enrollment," *Public Administration Review* 80, no. 1 (January/February 2020): 104–17. Specifically, the study examined data from 2008 to 2017 and found that real-time eligibility determinations were associated with increased enrollment rates for Medicaid and the Children's Health Insurance Program.

[79]U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis, *The Evolution of SNAP Modernization Initiatives in Five States,* by Lara Hulsey, Kevin Conway, Andrew Gothro, Rebecca Kleinman, Megan Reilly, Scott Cody, and Emily Sama-Miller. Project Officer, Rosemarie Downer (Alexandria, VA: March 2013). Although, agency staff in Utah who were interviewed as part of the study reported feeling more confident in the accuracy of their SNAP eligibility determinations after the implementation of a new data verification system, the state's SNAP payment error rate had also decreased for the four years before the state implemented the new system. In addition, this study was not designed to support causal findings.

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that a data sharing management tool in one state facilitated streamlined caseworker support by allowing beneficiaries to interact with a single caseworker for multiple eligibility determinations, including for Medicaid and SNAP.[80] A study we reviewed estimated that the same state's data sharing management tool reduced the rate at which SNAP beneficiaries in that state exited the program.[81] We also found that electronic data verification allowed caseworkers to spend more time on individual beneficiaries' cases, when needed. For example, SSA officials told us that by eliminating the need for beneficiaries to visit SSA offices, electronic data verification allowed for greater efficiency in caseworkers' workloads and reduced wait times for customers needing individual assistance. According to CMS officials, electronic verification processes allow state Medicaid agencies to focus resources on beneficiaries for whom the state agency did not have sufficient eligibility information. Caseworkers in multiple states that were interviewed as part of a 2018 study on Medicaid credited electronic verification with helping them spend more time on challenging cases and less time manually processing applications.[82] For SNAP, one stakeholder group told us that using data matching to shorten application processing times allowed state SNAP officials to spend more time on individual beneficiaries' cases.

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[80]GAO-13-106.

[81]Colin Gray, *Leaving Benefits on the Table: Evidence from SNAP,* Journal of Public Economics 179 (2019). Specifically, the study used a regression model to estimate the effect of Michigan's online data sharing management tool on long-term county-level exit rates from SNAP, which controlled for geography, time, case type, unemployment rate, case earnings, and other demographic factors. The study found that the online data sharing management tool reduced county-level exit rates by 1.8 percentage points in the five months following the rollout of the system relative to the months prior. The tool reduced county-level exit rates by an estimated 2.2 percentage points for childless adults and 3.2 percentage points for individual with earnings. The estimates have standard errors of 0.5, 0.8, and 0.9, respectively. All three estimates were statistically significant ($p < 0.01$).

[82]Zylla et al, *Selected Medicaid Eligibility, Enrollment, and Renewal Processes*, 2018. The study's findings were based on interviews with officials in six states. In addition, the findings from this study are not generalizable.

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Beneficiaries Can Experience Benefit Delays and Other Challenges When There Are Data Verification Issues

Benefit Delays or Denials

If electronic data is inaccurate, outdated, or incomplete, or administering agencies are unable to use certain data sources, beneficiaries may face delays or other challenges in receiving program benefits. For example, in the case of EITC, a 2018 report by the Taxpayer Advocate Service found that some of IRS's electronic systems erroneously identified certain EITC returns as potentially fraudulent, leading to delays in issuing benefits as these returns were further examined.[83] We also previously reported that when state SNAP agencies cannot access certain data, it can lead to inefficiencies, duplicative procedures, and additional costs that can contribute to more challenging processes and increased burden for beneficiaries.[84] Similarly, a stakeholder group we spoke with said that beneficiaries may experience lengthier certification processes when SNAP agencies have to conduct additional follow-up due to out-of-date or potentially inaccurate data matches. For Housing Choice Vouchers, another stakeholder group told us that some of the data in HUD's EIV system is out of date, causing beneficiaries to spend additional time and resources providing supplemental documentation to resolve discrepancies.

Program beneficiaries may also experience incorrect eligibility determinations or the improper denial of benefits due in part to inaccurate or incomplete data. In a prior report, we reviewed state and federal Medicaid audits across a number of states and found multiple issues affecting the accuracy of states' Medicaid eligibility determinations, including determinations made with incorrect or incomplete income or asset information.[85] Specifically, we reported several instances in which accuracy issues identified by auditors resulted in states not enrolling

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[83]Taxpayer Advocate Service, *2018 Annual Report to Congress – Volume 1* (Washington, D.C.: 2019). The Taxpayer Advocate Service is an independent organization within the IRS that provides assistance to taxpayers and businesses whose tax problems are causing financial difficulty.

[84]GAO-17-111.

[85]GAO-20-157.

eligible beneficiaries in their Medicaid programs.[86] In addition, according to the U.S. Department of Agriculture's 2019 Agency Financial Report, 60 percent of SNAP's payment errors are caused by state agencies, rather than the beneficiary. Accordingly, FNS has worked with states to strengthen the upfront eligibility determination process, such as through systems improvements and improved data verification to reduce state-caused errors.

Additional Burden or Reduced Support

Data verification issues can create additional work for beneficiaries to resolve or result in less support from agency caseworkers. According to FNS officials, when there are issues with electronic verification, beneficiaries must provide additional required information to state SNAP agencies, increasing beneficiaries' paperwork burden. Similarly, according to HUD officials, if a beneficiary disputes information found in an electronic data source, it is that beneficiary's responsibility to correct the disputed information. HUD officials said that this can include the additional burden of contacting their employer to correct the information submitted to an electronic database. More agency resources spent on verification may also result in less direct support provided to beneficiaries. For example, one stakeholder group told us that PHAs administering the Housing Choice Voucher program must dedicate significant time and resources to obtaining and verifying income information, which can reduce staff time dedicated to providing support to tenants.

Certain federal policies, such as streamlined recertification processes, may help address some of the challenges beneficiaries face during the verification process. As previously discussed, Housing Choice Vouchers and SNAP generally require the administering agencies to verify income information when determining or re-determining beneficiaries' financial eligibility. However, HUD regulations allow PHAs to streamline some requirements for tenants whose income comes primarily from fixed-

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[86]The report also noted instances where auditors determined ineligible individuals were improperly enrolled in Medicaid, sometimes due to incomplete income information.

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income sources.[87] Similarly, under SNAP's Elderly Simplified Application Project, states may simplify the certification process for certain older beneficiaries by relying on electronic data matches to reduce the amount of client-provided verification information, extending the certification period, and waiving the recertification interview requirement.[88] Additionally, as described earlier, some of Medicaid's policies intended to reduce the time needed for administering agencies to address small discrepancies[89] may also alleviate such efforts on the part of beneficiaries.

Conclusions

The use of electronic data verification has the potential to help administering agencies enhance program integrity, improve administrative efficiency, and reduce some of the steps beneficiaries must take to obtain low-income program benefits. The extent to which these advantages occur, however, may depend on the number and type of electronic data sources agencies are able to leverage. At the same time, it is important that agencies are vigilant in ensuring that electronic data verification does not result in errors that delay or improperly deny benefits to eligible applicants. In some programs, the flexibility that state or local agencies have under federal program laws and regulations to determine which data sources to use can result in wide variation. However, federal agencies responsible for overseeing these programs are well-positioned to help state or local agencies within a program consider useful data sources or practices that may help address challenges associated with data verification by collecting and sharing information across state or local agencies. Although two of the federal agencies responsible for the selected programs—CMS and FNS—have taken recent steps to identify and share information among state or local administering agencies in an

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[87]24 C.F.R. § 982.516(b). Specifically, PHAs are permitted to implement streamlined requirements for verifying fixed income sources over a three-year cycle for families with an unadjusted income consisting of 90 percent or more from fixed income sources. In the initial year of the three-year cycle, PHAs complete an annual income determination consistent with all applicable HUD regulations and guidance. In the second and third year of the three-year cycle, PHAs obtain from the family a certification that their fixed income sources have not changed. The PHA will apply a cost of living adjustment to the family's fixed income sources instead of fully reverifying and recalculating the income source. The cycle begins again the following year, when the PHA completes an annual reexamination with a full income determination (including third party verification).

[88]According to FNS guidance, the Elderly Simplified Application Project is a demonstration project under which states may apply the streamlined application and certification process to elderly households with no earned income, and in some cases disabled households with no earned income.

[89]42 C.F.R. § 435.952(b)-(c).

effort to enhance agencies' verification processes, two others—ACF and HUD—have not. By making such efforts, these two agencies could better position themselves and the administering agencies to improve program integrity and efficiency while placing fewer burdens on program beneficiaries.

Recommendations for Executive Action

We are making two recommendations, one to the Department of Health and Human Services and one to the Department of Housing and Urban Development.

The Assistant Secretary for the Administration for Children and Families should review the electronic data sources used by state LIHEAP grantees and assess whether additional information could be provided to grantees on data sources not currently or widely used to verify income in order to enhance LIHEAP grantees' data verification efforts. (Recommendation 1)

The Assistant Secretary for Public and Indian Housing should assess whether there are ways to identify and share information on how PHAs are using electronic data sources other than EIV to verify income and/or assets in order to enhance PHAs' data verification efforts. (Recommendation 2)

Agency Comments

We provided a draft of this report to HHS, HUD, IRS, SSA, and USDA for comment. We received written comments from HHS and SSA, which are reproduced in appendix IV and appendix V, respectively. HHS and HUD concurred with our recommendations. In its response, HHS outlined several actions ACF intends to take to address the recommendation, including seeking approval from OMB to conduct a survey of LIHEAP grantees on data verification sources, convening a related grantee work group, and disseminating information on relevant training. HHS, SSA, and USDA also provided technical comments on the draft report, which we incorporated as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees; the Secretaries of the Departments of Agriculture, Health and Human Services, Housing and Urban Development, and the Treasury; the Commissioner of the Social Security Administration; and other interested parties. In addition, the report is available at no charge on the GAO website at https://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or larink@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.

Kathryn A. Larin
Director, Education, Workforce,
and Income Security Issues

Appendix I: Methodology for Conducting Our Literature Review on Beneficiary Advantages and Challenges

To understand the advantages and challenges for beneficiaries related to the use of electronic data to verify income and assets among the selected programs, we conducted a literature search to identify studies related to the use of electronic data to verify income and assets published since 2010. To inform our literature search, we conducted an initial online search of publicly-available studies, including examining selected federal agencies' websites for relevant research, and compiled a list of potentially relevant publications that were then used to identify key words and phrases. We then conducted a literature search beginning in April 2020 using key words and phrases—specific program names, "income verification," "asset verification," and "data matching," among others—to search various databases. Databases included ProQuest, Ebsco, and Scopus. Our initial online searches, keyword search of databases, and identification of additional studies through studies' references sections produced a total of 240 publications. Two GAO analysts reviewed study abstracts for relevancy and identified 70 of those publications for in-depth review. After that further review, which involved reviewing the full text of the publications, we selected 13 studies as relevant to our review. Studies met our criteria if they examined financial eligibility verification for one or more of the six selected programs, had information related to the use of electronic data for such verification, were methodologically sound, and were published in the United States (see table 9).

We conducted a methodological review of the 13 selected studies. To do this, we reviewed each study and collected information about key elements of the study's methodology using a standard data collection instrument. We evaluated the methods and findings, and based on our assessment, eliminated research that was not methodologically sound or relevant to our review. We based our assessment of methodological soundness on generally accepted social science research standards. As a result, we determined that eight of the studies we selected for our review were methodologically sound and met our criteria for our review. The eight studies we selected focused on Medicaid or SNAP and were ultimately included as sources in our report. For the purposes of our report, we reported findings related to electronic data verification and did not report all findings from all selected studies.

Table 9: Studies on Beneficiary Advantages and Challenges Related to the Use of Electronic Data for Verification of Eligibility for Low-Income Programs That Met GAO Criteria for Inclusion in Literature Review

	Title	Author(s)	Publication or Organization	Year of Publication
1	Administrative Easing: Rule Reduction and Medicaid Enrollment	Ashley M. Fox, Edmund C. Stazyk, and Wenhui Feng	Public Administration Review	2020
2	Medicaid and CHIP Eligibility, Enrollment, and Cost Sharing Policies as of January 2019: Findings from a 50-State Survey	Tricia Brooks, Lauren Roygardner, and Samantha Artiga	Kaiser Family Foundation	2019
3	Leaving Benefits on the Table: Evidence from SNAP	Colin Gray	Journal of Public Economics	2018
4	Assessment and Synthesis of Selected Medicaid Eligibility, Enrollment, and Renewal Processes and Systems in Six States	Emily Zylla, Caroline Au-Yeung, Elizabeth Lukanen, and Christina Worrall	State Health Access Data Assistance Center for Medicaid and CHIP Payment and Access Commission at the University of Minnesota	2018
5	Assessment of the Contributions of an Interview to SNAP Eligibility and Benefit Determinations: Final Report	Gretchen Rowe, Andrew Gothro, Elizabeth Brown, Lisa Dragoset, and Megan Eguchi	Mathematica Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service	2015
6	The Evolution of SNAP Modernization Initiatives in Five States	Lara Hulsey, Kevin Conway, Andrew Gothro, Rebecca Kleinman, Megan Reilly, Scott Cody, and Emily Sama-Miller. Project Officer Rosemarie Downer	U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis	2013
7	Shifting Administrative Burden to the State: The Case of Medicaid Take-Up	Pamela Herd, Thomas DeLeire, Hope Harvey, and Donald P. Moynihan	Public Administration Review	2013
8	Enhancing Supplemental Nutrition Assistance Program (SNAP) Certification: SNAP Modernization Efforts: Final Report	Gretchen Rowe, Carolyn O'Brien, Sam Hall, Nancy Pindus, Lauren Eyster, Robin Koralek, and Alexandra Stanczyk. Project Officer Rosemarie Downer	U.S. Department of Agriculture, Food and Nutrition Service, Office of Research and Analysis	2010

Source: GAO analysis of studies in our literature review. | GAO-21-183

As part of the literature review, we used the standard data collection instrument to capture key information about each study, including methodology, limitations of the study, the study's findings, and any recommendations for policymakers or practitioners. Because many of the studies that met our criteria for inclusion used qualitative methods such as focus groups and interviews, our literature results are not generalizable. In addition, as illustrated in table 9 and discussed in our report, our literature search identified relatively few studies on beneficiaries' advantages and challenges related to the verification of

their income and assets. Researchers we spoke with agreed that
research on these issues is limited, which they attributed to several
potential factors. Specifically, they noted that the large amount of state-
and county-level variation among certain low-income programs can make
it difficult to conduct quantitative studies. In addition, they said that it can
be difficult to isolate the effects of income and asset verification from
other sources of challenges for low-income program beneficiaries.

Appendix II: Additional Information on Data Sources Agencies Reported Using for Selected Low-Income Programs

Table 10 provides the full list of federal, state, and commercial electronic data sources agencies reported using to verify beneficiary income for the six selected low-income programs.[1]

Table 10: Electronic Data Sources Used for Verifying Beneficiary Income for Selected Low-Income Programs

Electronic data source and description	EITC	Housing Choice Vouchers[a]	LIHEAP	Medicaid[b]	SNAP	SSI
Federal Data Sources						
Bureau of Fiscal Service: Savings security data from Bureau of the Fiscal Service	—	—	—	—	—	◐
Department of Defense: Military retirement benefits from Department of Defense pension records	—	—	—	—	—	◐
Federal tax data: Earned income (e.g., W-2 forms) and unearned income (e.g., interest and dividends from 1099 forms), which could include matches with the Beneficiary Earnings Exchange Record	○	—	—	◐[c,d]	●[c]	●
National Directory of New Hires: National database of 1) newly hired employees' information collected from state directories of new hires and federal agencies, 2) individuals who received or applied for unemployment benefits, and 3) quarterly wage information on employees' wage amount collected by state workforce agencies or federal agencies	—	●[e]	—	◐*[f]	●[g]	◐
Office of Personnel Management: Pension data from Office of Personnel Management	—	—	—	—	○*	◐
Old-Age, Survivors, and Disability Insurance (OASDI): Income information from direct data matches with SSA[h]	—	●[e]	○*	◐[c,d]	●[c]	◐
Other insurance affordability programs: Enrollment and eligibility information collected from health care marketplaces, such as the Federally Facilitated Exchange	—	—	—	◐i	—	—
Part B Black Lung benefits: Part B Black Lung benefits from Department of Labor	—	—	—	—	—	◐

[1]The information on program requirements in this appendix was gathered using a two-part methodology of (1) reviewing relevant documentation, such as relevant federal laws, regulations, and agency guidance, and (2) confirming the information with the federal agency that oversees each program. We did not independently verify the legal accuracy of the information provided.

Electronic data source and description	EITC	Housing Choice Vouchers[a]	LIHEAP	Medicaid[b]	SNAP	SSI
Public Assistance Reporting Information System federal and Veterans Affairs files: Earnings or retirement income from Department of Defense and the Office of Personnel Management and benefits received from the Department of Veterans Affairs	—	—	—	◐*	○	—
Railroad Retirement Board: Annuity retirement payments from Railroad Retirement Board	—	—	—	—	—	◐
Special Benefits for Certain WWII Veterans: Income from SSA for certain WWII veterans who live outside the United States	—	●[e]	—	—	—	—
Supplemental Security Income (SSI): Information from direct data matches with SSA[j]	—	●[e]	○*	◐[c,d,k]	●[c]	N/A
Veterans Benefits Administration: Benefits data for veterans from the Department of Veterans Affairs	—	—	—	—	—	◐
State Data Sources						
Any state program administered under a plan approved under SSA Titles I, X, XIV, XVI: Income and eligibility information from Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to the Aged, Blind, or Disabled	—	—	—	◐	—	—
Child support data: Child support payments from direct data matches with state programs	—	—	○*[f]	—	○	—
Daycare license database: Information on day care workers' earnings	—	—	—	—	○*	—
Income information verified by SNAP, TANF, Medicaid, state general assistance, or other such programs: Income and benefit information from state-run programs	—	—	○[l]	◐[m]	○	◐[n]
Lottery winnings: State records of individuals' gambling or lottery winnings from gaming entities	—	—	—	—	●*	—
Spousal support data: Income from spousal support received from enforcement agencies	—	—	—	○*[f]	—	—
State-administered supplementary payment programs: Income data from states on certain individuals, including SSI recipients	—	—	—	◐*	—	—
State directories of new hires: Databases of employer reports of newly hired employees collected by states	—	—	○*	○*[f]	○	—

Electronic data source and description	EITC	Housing Choice Vouchers[a]	LIHEAP	Medicaid[b]	SNAP	SSI
State quarterly wage database: Wage information from employers covered by state unemployment insurance programs, such as from State Wage Information Collection Agencies	—	●	○*f	◓c	●c	◓o
State retirement data: Retirement data from states	—	—	—	○*f	—	—
State tax filings: Earned and unearned income information from state tax returns	—	—	—	○*f	○*	—
Unemployment compensation: Information from state unemployment programs	○p	●	○	◓c	●c	◓o
Commercial Data Sources						
Lexis Nexis: Commercial source of income data	—	○	—	—	—	—
VerifyAdvantage: Commercial source of employment and wage information operated by First Advantage	—	—	—	—	—	○q
VerifyDirect: Commercial source of employment and wage information operated by First Advantage	—	—	—	○*f	—	—
Verify Job System: Commercial source of employment and wage information from participating employers operated by Equifax Inc.	—	—	—	—	—	○q
The Work Number: Commercial source of data with payroll information from participating employers operated by Equifax Inc.	—	○r	○*	○d	○	○q

Legend:

● Federally-required data sources (federal program laws and/or regulations expressly require the administering agencies to use these data sources)

◓ Federally-authorized data sources (federal program laws and/or regulations expressly authorize the use of these data sources by administering agencies)

○ Other data sources (not expressly required or authorized by federal program laws or regulations)

* Used by fewer than half of state agencies within a program for LIHEAP, Medicaid, or SNAP, based on our review of fiscal year 2020 LIHEAP state plans, state MAGI-based eligibility verification plans accessed in February and March 2020, October 2016 GAO work on SNAP, and the Food and Nutrition Service's August 2020 report on states' use of computer matching protocols in SNAP.

Acronyms: Earned Income Tax Credit (EITC), Low Income Home Energy Assistance Program (LIHEAP), Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and Temporary Assistance for Needy Families (TANF).

— Data source not reported to be used.

Source: GAO analysis of relevant federal laws, regulations, and agency documentation and interviews, as confirmed by the agencies. | GAO-21-183

Notes: If a data source is indicated as "other" or blank, it does not necessarily mean that the agency is not authorized to use it. For example, use of the data source may be authorized under other, non-program laws or regulations. A blank entry may mean that an agency does have authorization to use a data source, but the agency is not currently doing so. In addition, we did not include data sources that were reported as used by one state LIHEAP or Medicaid agency.

[a]We did not have either state-level or local-level data for Housing Choice Vouchers, and instead collected the information on data sources by reviewing federal laws and regulations, interviewing federal agency officials and a stakeholder organization, and confirming the information with HUD. However, public housing agencies may use additional data sources that are not included in this table.

[b]This report only examines beneficiaries eligible for Medicaid under rules based on Modified Adjusted Gross Income (MAGI) methods. We indicate several sources as federally authorized because state

Medicaid agencies can decide to use these sources if determined to be useful for verifying financial eligibility of an individual.

[c]Part of the Income and Eligibility Verification System.

[d]Part of the federal data services hub.

[e]Part of the Enterprise Income Verification system.

[f]Data sources used by between two and five state LIHEAP or Medicaid agencies.

[g]State SNAP agencies are only required to use the New Hires file from the National Directory of New Hires. However, some states also report using the unemployment compensation and state wage files.

[h]OASDI matches include State On-Line Query, State Verification and Exchange System, and Beneficiary and Earnings Data Exchange.

[i]States use the hub to access information to support eligibility determinations for Medicaid and other health insurance affordability programs, including the Children's Health Insurance Program and the Basic Health Program, and financial assistance such as advanced premium tax credits, and cost-sharing subsidies for coverage obtained through health insurance marketplaces, although use of the hub varies by state according to CMS officials.

[j]SSI matches include State On-Line Query, State Verification and Exchange System, and State Data Exchange.

[k]SSI income is excluded from MAGI-based Medicaid eligibility calculations.

[l]LIHEAP state plans indicated use of income information from SNAP or TANF.

[m]Medicaid regulations authorize income data from state programs, including SNAP and TANF.

[n]This information is from SSA's Access to State Records Offline, in which states provide SSA access to state data on service program such as Medicaid, TANF, SNAP, other programs. States may also provide information on participation history, residence and household data, and payment history.

[o]This information is from SSA's Interstate Benefit Inquiry Agreements, which enable SSA to access online the most recent quarterly wage data and weekly unemployment insurance benefit payment data from participating states.

[p]State unemployment compensation information is provided through Form 1099-G.

[q]While SSA is not expressly required or authorized to use The Work Number specifically, the agency has authority to obtain information from payroll data providers under certain conditions. Payroll data providers include payroll providers, wage verification companies, and other commercial or non-commercial entities that collect and maintain data regarding employment and wages, without regard to whether the entity provides such data for a fee or without cost.

[r]No information was available on how many public housing agencies use The Work Number.

Table 11 provides information on electronic data sources reported to be used by state LIHEAP grantees to verify beneficiary income based on our analysis of states' fiscal year 2020 LIHEAP plans.

Table 11: Electronic Data Sources Reported by State Low Income Home Energy Assistance Program (LIHEAP) Grantees to Verify Income

Electronic data source and description	Number of states reporting using electronic data source
Income information verified by SNAP, TANF, Medicaid, state general assistance or other such programs: Income and benefit information from state-run programs[a]	31
Unemployment compensation: Information from direct data matches with state unemployment programs	27
Social Security income verified with Social Security Administration[b]	21
State directories of new hires: Databases of employer reports of newly hired employees collected by states	10
The Work Number: Commercial source of data with payroll information from participating employers operated by Equifax Inc.	6
Child support data: Child support payments from direct data matches with state enforcement programs	5
State quarterly wage database: Wage information from employers covered by state unemployment insurance programs, such as from State Wage Information Collection Agencies	2

Source: GAO analysis of fiscal year 2020 state LIHEAP plans. | GAO-21-183

Note: The table includes information for all 50 states and the District of Columbia. We did not include data sources that were reported as used by one state LIHEAP grantee only.

[a]LIHEAP state plans indicated use of income information from the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF).

[b]This may include Old-Age, Survivors, and Disability Insurance (OASDI) or Supplemental Security Income (SSI). OASDI matches may include State On-Line Query, State Verification and Exchange System, and Beneficiary and Earnings Data Exchange. SSI matches may include State On-Line Query, State Verification and Exchange System, and State Data Exchange.

Table 12 provides information on electronic data sources state Medicaid agencies reported using to verify beneficiary income based on our analysis of states' Modified Adjusted Gross Income (MAGI)-based eligibility verification plans in effect as of February-March 2020.

Table 12: Electronic Data Sources Reported by State Medicaid Agencies to Verify Income

Electronic data source and description	Number of states reporting using electronic data source
Social Security income verified with Social Security Administration[a]	51
Unemployment compensation: Information from direct data matches with state unemployment programs	48
State quarterly wage database: Wage information from employers covered by state unemployment insurance programs, such as from State Wage Information Collection Agencies	43
The Work Number: Commercial source of data with payroll information from participating employers operated by Equifax Inc.[b]	38
Supplemental Nutrition Assistance Program (SNAP): Income and benefit information from state SNAP program	33
Temporary Assistance for Needy Families (TANF): Income and benefit information from state TANF program	31
Federal tax data: Earned income (e.g., W-2 forms) and unearned income (e.g., interest and dividends from 1099 forms), which could include matches with the Beneficiary Earnings Exchange Record[c]	29
Public Assistance Reporting Information System federal and Veterans Affairs files: Earnings or retirement income from Department of Defense and the Office of Personnel Management and benefits received from the Department of Veterans Affairs	17
State-administered supplementary payment programs: Income data from states to certain individuals, including Supplemental Security Income (SSI) recipients	16
Income information from state general assistance programs: Income and benefit information from state-run programs	7
National Directory of New Hires: National database of 1) newly hired employees' information collected from state directories of new hires and federal agencies, 2) individuals who received or applied for unemployment benefits, and 3) quarterly wage information on employees' wage amount collected by state workforce agencies or federal agencies	5
State directories of new hires: Databases of employer reports of newly hired employees collected by states	4
Verify Direct: Commercial source of employment and wage information operated by First Advantage	3
State tax filings: Earned and unearned income information from state tax returns	3
Spousal support data: Income from spousal support received from child support enforcement agencies	3
State retirement data: Retirement data from states	2

Source: GAO analysis of state Modified Adjusted Gross Income (MAGI)-based eligibility verification plans in effect as of February-March 2020. | GAO-21-183

Note: The table includes information for all 50 states and the District of Columbia. We did not include data sources that were reported as used by one state Medicaid agency only.

[a]This may include Old-Age, Survivors, and Disability Insurance (OASDI) or Supplemental Security Income (SSI). OASDI matches may include State On-Line Query, State Verification and Exchange System, and Beneficiary and Earnings Data Exchange. SSI matches may include State On-Line Query, State Verification and Exchange System, and State Data Exchange.

[b]Part of the federal data services hub.

[c]Part of Income and Eligibility Verification System and Centers for Medicare & Medicaid Services' (CMS) federal data services hub.

Appendix III: Related Recommendations from Prior GAO Reports

This appendix provides information on past recommendations regarding data verification or related topics made in prior GAO reports over the last 10 years on the six selected programs (see table 13).

Table 13: Past GAO Recommendations on Data Verification and Other Related Issues for Selected Low-Income Programs, 2010 through 2020

Program	GAO product	Recommendation to department or agency	Recommendation status as of October 2020
Earned Income Tax Credit (EITC)	GAO-20-336	Update the department's strategy for addressing the root causes of EITC improper payments to include (1) coordinating with other agencies to identify potential strategies and data sources that may help in determining EITC eligibility, and (2) determining whether legislative changes are needed, and developing proposals as appropriate, to help reduce EITC improper payments, such as those related to the inability to authenticate taxpayer eligibility.	Open
	GAO-18-224	Develop an evaluation plan to fully assess the benefits and costs, including taxpayer burden, of modifying the February 15 refund hold, and determine how this effort informs Internal Revenue Service's overall compliance strategy for refundable tax credits and fraud risk management.	Open
	GAO-18-224	Assess the benefits and costs of additional uses and applications of W-2 data for pre-refund compliance checks, such as addressing underreporting, employment fraud, and other fraud or noncompliance before issuing refunds.	Open
Low Income Home Energy Assistance Program (LIHEAP)	GAO-10-621	Consider issuing guidance to the states to evaluate the feasibility of using Social Security Administration's or states' vital record death data to prevent individuals using deceased identities from receiving benefits.	Closed as implemented
	GAO-10-621	Consider issuing guidance to the states to evaluate the feasibility of preventing incarcerated individuals from improperly receiving benefits, for example, by verifying Social Security numbers with state's prisoner information.	Closed as implemented
	GAO-10-621	Consider issuing guidance to the states to evaluate the feasibility of using third-party sources (e.g., State Directory of New Hires), at a minimum on a random or risk basis, to provide assurance that individuals do not exceed maximum income thresholds.	Closed as implemented
Medicaid	GAO-16-29	Conduct a comprehensive feasibility study on actions that Centers for Medicare & Medicaid Services (CMS) can take to monitor and analyze the extent to which federal data services hub queries provide requested or relevant applicant verification information, for the purpose of improving the data-matching process and reducing the number of applicant inconsistencies; and for those actions identified as feasible, create a written plan and schedule for implementing them. (The federal data services hub can be used as a source of information for determining Medicaid eligibility.)	Closed as implemented
	GAO-15-313	Issue guidance to states to better identify Medicaid beneficiaries who are deceased. (The report notes that such guidance could include additional information on available federal data sources to help identify deceased beneficiaries.)	Closed as implemented

Program	GAO product	Recommendation to department or agency	Recommendation status as of October 2020
	GAO-15-313	Provide guidance to states on the availability of automated information through Medicare's enrollment database and full access to all pertinent information from this database to help screen Medicaid providers more efficiently and effectively.	Closed as implemented
Supplemental Nutrition Assistance Program (SNAP)	GAO-19-115	Develop and implement additional methods to widely distribute information to state agencies on an ongoing basis about successful efforts to adopt data analytics and strategies to leverage existing data, technology, and staff resources to enhance data analytics.	Open
	GAO-17-111	Take additional steps to collect and disseminate information on promising practices that could help improve data matching processes among state SNAP agencies, including broad and timely dissemination of information on results of recent relevant pilots or demonstrations.	Closed as implemented
	GAO-17-111	Analyze spending and understand data needs for SNAP across federal and state contracts and in relation to other programs as Food and Nutrition Service explores ways to potentially reduce the costs of using commercial data services.	Closed as implemented
	GAO-14-641	Establish additional guidance to help states analyze SNAP transaction data to better identify SNAP recipient households receiving replacement cards that are potentially engaging in trafficking, and assess whether the use of replacement card benefit periods may better focus this analysis on high-risk households potentially engaged in trafficking.	Closed as implemented
Supplemental Security Income (SSI)	GAO-14-597	Identify data useful to identifying employers who file high numbers of wage reports with potentially misused Social Security numbers, along with the corresponding privacy and disclosure restrictions, and seek legislative authority to obtain such information, as appropriate.	Closed as implemented

Source: Prior GAO reports and information on the status of recommendations available at www.gao.gov. | GAO-21-183

Note: We did not identify relevant prior recommendations on Housing Choice Vouchers. In addition, the recommendations shown here may differ slightly from the exact recommendation that was made in each report due to edits for brevity or understandability. See www.gao.gov for exact wording of each recommendation, and additional information on the status of or actions taken in response to each recommendation.

Appendix IV: Comments from the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

January 22, 2021

Kathryn A. Larin
Director, Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Larin:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, *"Federal Low-Income Programs: Use of Data to Verify Eligibility Varies Among Selected Programs and Opportunities Exist to Promote Additional Use"* (Job code 103860/GAO-21-183).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

Anne S.
Tatem -S

Digitally signed by Anne S.
Tatem -S
Date: 2021.01.22 15:37:39
-05'00'

Anne S. Tatem
Acting Assistant Secretary for Legislation

Attachment

**GENERAL COMMENTS FROM THE DEPARTMENT OF HEALTH & HUMAN
SERVICES ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT
REPORT ENTITLED — FEDERAL LOW-INCOME PROGRAMS: USE OF DATA TO
VERIFY ELIGIBILITY VARIES AMONG SELECTED PROGRAMS AND
OPPORTUNITIES EXIST TO PROMOTE ADDITIONAL USE (GAO-21-183)**

The U.S. Department of Health & Human Services (HHS) appreciates the opportunity from the
Government Accountability Office (GAO) to review and comment on this draft report.

Recommendation 1
The Assistant Secretary for ACF should review the electronic data sources used by state
LIHEAP grantees and assess whether additional information could be provided to grantees on
data sources not currently or widely used to verify income in order to enhance LIHEAP grantees'
data verification efforts. **(Recommendation 1)**

HHS Response
HHS concurs with GAO's recommendation. In response, ACF intends to take the following actions:
- Seek OMB approval to conduct a survey of LIHEAP grantees regarding these
  data verification sources;
- Convene a grantee work group to discuss challenges and possible solutions to
  using the data verification sources;
- Provided targeted one-on-one technical assistance to LIHEAP grantees that are
  not using the data verification sources;
- Develop and disseminate written training tool(s) regarding these data verification
  sources; and
- Provide training/information on these data verification sources at grantee training
  events in FY 2022.

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Appendix V: Comments from the Social Security Administration

SOCIAL SECURITY
Office of the Commissioner

January 26, 2021

Ms. Kathryn Larin
Director, Education, Workforce, and Income Security Issues
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Larin,

Thank you for the opportunity to review the draft report, "FEDERAL LOW-INCOME PROGRAMS: Use of Data to Verify Eligibility Varies Among Selected Programs and Opportunities Exist to Promote Additional Use" (GAO-21-183).

We appreciate your recognition of our success with electronic asset verification through our Access to Financial Institutions and Non-home Real Property programs. We remain focused on reducing obstacles for Supplemental Security Income recipients to report income and assets to us while seeking opportunities to eliminate improper payments.

If you have any questions, please contact me at (410) 965-2611. Your staff may contact Trae Sommer, Director of the Audit Liaison Staff, at (410) 965-9102.

Sincerely,

Scott Frey
Chief of Staff

SOCIAL SECURITY ADMINISTRATION   BALTIMORE, MD 21235-0001

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Kathryn A. Larin at (202) 512-7215 or larink@gao.gov

Staff Acknowledgments

In addition to the contact above, Theresa Lo (Assistant Director), Kelly Snow (Analyst in Charge), Naomi Joswiak, and Sharon Jan made key contributions to this report. Also contributing to this report were Jessica Ard, Sarah Cornetto, Caitlin Cusati, Aimee Elivert, Lauren Gilbertson, Cheryl Jones, Stacy Ouellette, Almeta Spencer, and Curtia Taylor.

Related GAO Products

Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments, GAO-20-336 (Washington, D.C.: Apr. 1, 2020).

Payment Integrity: Federal Agencies' Estimates of FY 2019 Improper Payments, GAO-20-344 (Washington, D.C.: Mar. 2, 2020).

Medicaid Eligibility: Accuracy of Determinations and Efforts to Recoup Federal Funds Due to Errors, GAO-20-157 (Washington, D.C.: Jan. 13, 2020).

Supplemental Nutrition Assistance Program: Disseminating Information on Successful Use of Data Analytics Could Help States Manage Fraud Risks, GAO-19-115 (Washington, D.C.: Oct. 2, 2018).

Tax Fraud and Noncompliance: IRS Can Strengthen Pre-refund Verification and Explore More Uses, GAO-18-224 (Washington, D.C.: Jan. 30, 2018).

Federal Low-Income Programs: Eligibility and Benefits Differ for Selected Programs Due to Complex and Varied Rules, GAO-17-558 (Washington, D.C.: June 29, 2017).

Supplemental Nutrition Assistance Program: More Information on Promising Practices Could Enhance States' Use of Data Matching for Eligibility, GAO-17-111 (Washington, D.C.: Oct. 19, 2016).

Patient Protection and Affordable Care Act: CMS Should Act to Strengthen Enrollment Controls and Manage Fraud Risk, GAO-16-29 (Washington, D.C.: Feb. 23, 2016).

A Framework for Managing Fraud Risks in Federal Programs, GAO-15-593SP (Washington, D.C.: July 28, 2015).

Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs, GAO-15-516 (Washington, D.C.: July 30, 2015).

Medicaid: Additional Actions Needed to Help Improve Provider and Beneficiary Fraud Controls, GAO-15-313 (Washington, D.C.: May 14, 2015).

Supplemental Nutrition Assistance Program: Enhanced Detection Tools and Reporting Could Improve Efforts to Combat Recipient Fraud, GAO-14-641 (Washington, D.C.: Aug. 21, 2014).

Supplemental Security Income: Wages Reported for Recipients Show Indications of Possible SSN Misuse, GAO-14-597 (Washington, D.C.: July 16, 2014).

Supplemental Security Income: SSA Has Taken Steps to Prevent and Detect Overpayments, but Additional Actions Could Be Taken to Improve Oversight, GAO-13-109 (Washington, D.C.: Dec. 14, 2012).

Human Services: Sustained and Coordinated Efforts Could Facilitate Data Sharing While Protecting Privacy, GAO-13-106 (Washington, D.C.: Feb. 8, 2013).

Medicaid Long-Term Care: Information Obtained by States about Applicants' Assets Varies and May Be Insufficient, GAO-12-749 (Washington, D.C.: July 26, 2012).

Rural Housing Service: Efforts to Identify and Reduce Improper Rental Assistance Payments Could Be Enhanced, GAO-12-624 (Washington, D.C.: May 31, 2012).

Low-Income Home Energy Assistance Program: Greater Fraud Prevention Controls Are Needed, GAO-10-621 (Washington, D.C.: June 18, 2010).