

# NATIONAL VERIFIER ANNUAL REPORT AND DATA

## SUBMISSION DATE: JANUARY 31, 2020

### I. BACKGROUND

In March 2016, the Federal Communications Commission (FCC) adopted the Lifeline Reform and Modernization Order (*2016 Lifeline Order*) to further update the Lifeline program, including the streamlining of eligibility verification for enrollment and recertification.<sup>1</sup> Historically, eligible telecommunication carriers (ETCs) or state administrators were responsible for verifying the eligibility of potential subscribers. The FCC recognized that this structure was complex, burdensome, and had the potential for waste, fraud, and abuse. With the adoption of the *2016 Lifeline Order*, the FCC directed USAC to establish a system for independent, third-party eligibility determinations. To enable this new process, USAC built the National Lifeline Eligibility Verifier (National Verifier) to automate, where possible, and standardize eligibility verification across all states and territories.

As of December 2019, the National Verifier had launched (either soft launched or fully launched) in all 55 states and territories and the District of Columbia, meeting the goals and objectives of the *2016 Lifeline Order*. This annual report provides a summary of the roll out of the National Verifier and its functionality, and outlines how the National Verifier meets the FCC's key objectives to protect against waste, fraud, and abuse; lower costs to the Universal Service Fund (Fund) and ETCs through administrative efficiencies; and better serve eligible beneficiaries by facilitating choice and improving the enrollment experience.

### II. SUCCESS OF THE NATIONAL VERIFIER

As of December 2019, all 55 states and territories, as well as the District of Columbia, have been incorporated into the National Verifier framework. Since its initial launch in June 2018, the National Verifier has continuously improved USAC's capabilities to prevent fraud, waste, and abuse as identified in audits and investigations performed by the Government Accountability Office and FCC Inspector General. USAC, as a neutral administrator, now has visibility into each Lifeline application submitted to the National Verifier, including those where automated checks are not able to verify eligibility, and has visibility into all supporting documents submitted to the National Verifier that are relied upon to qualify for the program. To date, the National Verifier has been fully launched in 46 states and territories, as well as the District of Columbia, and soft launched in nine states and territories with an anticipated full launch date in early 2020.<sup>2</sup> Since the initial launch of the National Verifier, consumers have submitted more than 1.4M applications across these states and territories.

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<sup>1</sup> *Lifeline and Link Up Reform and Modernization et al.*, Third Report and Order, Further Report and Order, and Order on Reconsideration, 31 FCC Rcd 3962 (2016) (*2016 Lifeline Order*).

<sup>2</sup> States and territories rolled into the National Verifier over nine launches. Each launch started with a "soft launch" period where use of the system was optional for ETCs and not yet available for consumers. At the "full launch" date, all ETCs are required to use the National Verifier system and processes and consumers are able to apply directly using the system. This approach varies in California, Oregon, and Texas, as explained in Section III below.

As described in this report, USAC has successfully prioritized automation in the National Verifier so that eligibility decisions are made automatically, using connections to eligibility databases and without human review of eligibility documentation, approximately 67% of the time. Automated eligibility decisions can be made swiftly, at a lower administrative cost, and with a high level of accuracy by using source data and limited human review wherever possible. USAC has partnered with state officials to implement 15 state database connections, providing an automated check for participation in the Supplemental Nutrition Assistance Program (SNAP) in each of those states, as well as a check of Medicaid and Supplemental Security Income participation where available. USAC continues to work with willing states to achieve additional connections. See the Appendix for additional information regarding state database connections. In 2018, USAC built a connection to the U.S. Department of Housing and Urban Development (HUD), providing real-time Federal Public Housing Authority (FPHA) participation results nationwide and in the U.S. territories. In 2019, USAC implemented a similar real-time connection to the Centers for Medicare & Medicaid Services (CMS), providing a check of Medicaid participation nationwide and in the territories of Puerto Rico and the Virgin Islands. The CMS connection alone increased the average automated pass rate in states and territories without connections to state databases from 6% to nearly 60%.

In addition to significantly improving the program integrity posture of the Lifeline program, the National Verifier is also a success story for both program consumers and service providers. Throughout the development and continuous improvement of the National Verifier system, USAC has been communicating with stakeholders and incorporating feedback to provide a better user experience. For example, service providers requested more automated access to the National Verifier, and in December 2019, USAC launched an eligibility check application programming interface (API) that allows carrier systems direct access to the National Verifier for a streamlined and integrated application experience. Additionally, consumer advocates provided feedback on the navigation of the consumer portal, and USAC improved upon it by building a dashboard with available actions to help guide the consumer through the enrollment and recertification processes.

### **III. DESCRIPTION OF NATIONAL VERIFIER PROCESSES**

The key processes that the system supports - application, recertification, and reverification - are summarized below. Also described below are the disbursement process, which occurs in the National Lifeline Accountability Database (NLAD), and the eligibility verification process for NLAD opt-out states.

#### **APPLICATION**

The purpose of the application process is to determine whether an individual is eligible for the Lifeline program benefit. Applicants can use the National Verifier consumer portal, receive help from an ETC using the National Verifier service provider portal, or mail the application to the Lifeline Support Center. As of December 10, 2019, applicants can also apply through ETC websites that have access to the National Verifier through the eligibility check API.<sup>3</sup> Applications are validated through available automated eligibility data

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<sup>3</sup> Access to the eligibility check API is optional for ETCs. If an ETC would like access, they must sign required security documentation and work with USAC on account management activities.

sources and also undergo checks to confirm identity, verify that the consumer is not already a Lifeline participant, and ensure compliance with program rules. If an individual's eligibility cannot be validated through these checks, they can upload supporting documentation to the National Verifier portal or mail it to the Lifeline Support Center. Upon completion of the application process, the individual is either deemed qualified for the Lifeline benefit or is required to submit more information. Qualified individuals can contact an ETC in their area to enroll in the Lifeline program.

#### RECERTIFICATION

Subscribers must recertify annually that they are still eligible for the program in order to continue to receive a Lifeline discount. During recertification, subscribers are checked against available automated eligibility data sources. If a subscriber's eligibility cannot be validated, they are prompted to self-certify in the National Verifier consumer portal, on the phone via an interactive voice response (IVR), or via mail. If the subscriber does not recertify within the required 60-day recertification window, they will be de-enrolled, meaning they lose their Lifeline program benefit. The FCC recently strengthened controls within the recertification process to combat waste, fraud, and abuse in the *2019 Lifeline Order*.<sup>4</sup> Specifically, subscribers whose eligibility was previously validated through an eligibility database, but cannot be validated through a database check at recertification, will need to provide documentation to prove their eligibility. This requirement and the associated FCC rule changes are expected to become effective in 2020.<sup>5</sup> USAC is in the process of making the appropriate system and process changes to accommodate this new requirement.

#### REVERIFICATION

Reverification is a one-time validation of existing Lifeline subscribers' eligibility, unique to the roll out of the National Verifier. The purpose is to ensure that all existing Lifeline subscribers who were previously deemed eligible by an ETC or state administrator have been deemed eligible by the National Verifier. It occurs after a state or territory is rolled into the National Verifier at a soft launch and is similar to recertification, except subscribers cannot self-certify and must provide documentation to prove eligibility if their eligibility cannot be validated through automated data sources. If documentation is required and the ETC has that documentation on hand, they can submit it. If they do not have it on hand, the subscriber is given an opportunity to submit the appropriate documents.

#### DISBURSEMENTS

The Lifeline Claims System (LCS) within NLAD, which is the system of record for enrolled subscribers, handles disbursement activity. NLAD existed prior to launch of the National Verifier but is now integrated with the National Verifier to, among other things, streamline the ability to tie disbursements to eligibility data. An ETC must enroll an

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<sup>4</sup> *Lifeline and Link Up Reform and Modernization et al.*, Fifth Report and Order, Memorandum Opinion and Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 19-111 (2019) (*2019 Lifeline Order*).

<sup>5</sup> *See id.* at para. 176 (indicating that the associated FCC rule changes involve Paperwork Reduction Act burdens and shall become effective ninety (90) days after announcement in the Federal Register of OMB approval).

individual in NLAD, which is only possible if the National Verifier has deemed the individual eligible, in order for the individual to obtain the Lifeline benefit. All ETCs in all states, territories, and the District of Columbia use the LCS to submit claims for reimbursement for federal Lifeline support.

#### NATIONAL VERIFIER OPERATIONS IN NLAD OPT-OUT STATES

California, Oregon, and Texas have managed their own Lifeline eligibility verification and duplicate checking processes for many years and, pursuant to waivers granted under the *2012 Lifeline Order*, do not participate in the NLAD. Due to the unique circumstances in these states, the National Verifier has launched in these states using a modified approach. The FCC has determined that it is appropriate to continue relying on the existing state functions, but with the addition of a greater partnership between the states, the FCC, and USAC to strengthen program integrity.

As part of the modified launch in these three states, the National Verifier will rely on the states' eligibility determinations and duplicate checks. In the limited instances where a state does not verify the eligibility of subscribers, and service providers have been performing such processes, the National Verifier will conduct eligibility verification as it has in other states, using the soft and full launch approach described herein for other launches.<sup>6</sup> In partnership with the three states, USAC will also perform reviews of state eligibility information and documentation to ensure that state eligibility determinations are made in accordance with the FCC's rules.

USAC also will use state eligibility data to validate service providers' claims for federal Lifeline support. Carriers will continue to file and certify their own claims in the LCS. USAC may reject a claim if it cannot be substantiated by state data, and the carrier will need to refile.

#### IV. NATIONAL VERIFIER MEETS 2016 LIFELINE ORDER OBJECTIVES

The three objectives for the National Verifier in the *2016 Lifeline Order* are to: (1) protect against waste, fraud, and abuse; (2) lower costs to the Fund and ETCs through administrative efficiencies; and (3) better serve eligible beneficiaries by facilitating choice and improving the enrollment experience.<sup>7</sup> These goals are being met through the design of the National Verifier system and the administration of related processes.

One of the key features of the National Verifier that furthers all three objectives is automated access to eligibility data sources. USAC has built direct, automated connections to eligibility data sources that are managed by the state and federal agencies that administer the relevant qualifying programs. Automation reduces the need for manual reviews, which are more expensive

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<sup>6</sup> These circumstances include, for example, broadband-only Lifeline subscribers in California and consumers living on Tribal lands in Oregon.

<sup>7</sup> See *2016 Lifeline Order*, 31 FCC Rcd at 4007, para. 128.

administratively, increase the burden to ETCs and consumers, and can be subject to human error or manipulation. Since the initial soft launch in June 2018, eligibility was confirmed using an automated state/federal data source in approximately 67% of applications.<sup>8</sup>

Specifically, the National Verifier has established automated connections with 15 state agencies and two federal agencies.<sup>9</sup> Though some ETCs had access to eligibility data sources prior to the National Verifier, the automation provided by the National Verifier is an improvement in many states. The National Verifier has automated connections to SNAP databases that were not previously available to carriers in seven states. The National Verifier also has established connections to two federal, nationwide databases not previously available to ETCs. In June 2018, the National Verifier obtained an automated connection to HUD, providing real-time FPHA results to all states and territories. USAC achieved a major milestone in September 2019 by launching an automated connection to CMS.<sup>10</sup> The CMS connection provides value across all states and two territories but is particularly valuable in states where the National Verifier does not have access to a state database. Before CMS launched, the National Verifier was experiencing a 6% automated eligibility pass rate in states and territories without connections to state databases, on average. With CMS, that rate has increased to nearly 60%. In states with connections to state databases, average automated pass rates pre-CMS were already high at 71%. With CMS, some states, such as Colorado, Michigan, and New Mexico, now have average pass rates of 80% or higher.

Even though all states and territories have rolled into the National Verifier, USAC is continuously working to increase access to state and federal data sources. There are a number of states where USAC is planning to launch state connections in 2020.

In addition to automated access to eligibility data sources, the objectives of the *2016 Lifeline Order* are further met through the design of the National Verifier systems and processes, as described below.

*i. Protect Against Waste, Fraud, and Abuse*

The National Verifier was designed to close one of the key program integrity concerns in the Lifeline program: trusting ETCs to determine subscriber eligibility. Ensuring compliance with Lifeline subscriber eligibility rules and obtaining/maintaining customers are goals that could be, or could be perceived to be, at odds with one another. Hence, creating an independent administrator with a centralized system to conduct eligibility determinations mitigates this conflict of interest. Though the NLAD opt-out states will not follow the typical National Verifier processes, eligibility determinations will still be made by an independent third party, as the state

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<sup>8</sup> After verifying eligibility through state/federal data sources, all applicants are also run through certain identity and compliance validations that may result in applicants needing to provide documentation.

<sup>9</sup> In addition to the National Verifier's 15 state connections, Texas and Oregon also utilize automated connections to state databases for their eligibility verification processes.

<sup>10</sup> A nationwide automated connection to CMS does not diminish the value provided by connections to state databases. Though many of the state connections include Medicaid data, USAC primarily relies on SNAP data from the states. As reflected in the Appendix, all state connections have either SNAP data only or SNAP and Medicaid data. USAC is not pursuing automated state connections to Medicaid-only databases since the National Verifier now has a connection to nationwide CMS data.

will review eligibility and perform all required validations, including duplicate checking. The states will submit data on a monthly basis to the National Verifier for USAC to substantiate ETC claims for support. In addition, USAC will perform sample reviews to ensure state eligibility determinations are made in accordance with the FCC's rules.

In addition to validating eligibility for new Lifeline subscribers, the National Verifier performs reverification to ensure that existing subscribers whose eligibility was initially validated prior to the National Verifier are still eligible for the Lifeline program. To date, we have seen a 78% average success rate for reverification in the states and territories in the first six launches. Reverification is an ongoing process, and we expect to see numbers remain strong and increase as more subscribers are confirmed eligible. Any subscribers who fail to demonstrate eligibility after ample opportunity within the reverification process will be de-enrolled in accordance with USAC's ongoing efforts to combat waste, fraud, and abuse.

***ii. Lower costs to the Fund and ETCs through administrative efficiencies***

Centralizing the Lifeline application process under an independent, third party greatly reduces the overall cost to administer the Lifeline program. Using a single, streamlined process rather than the previous framework where each ETC developed and followed its own unique approach generates significant savings to the Fund. In addition to efficiencies gained through a unified platform, the National Verifier has achieved greater automation than the ETCs had, which reduces costly manual reviews and decreases the likelihood of improper payments. Before the National Verifier, ETCs in approximately 20 states benefited from automated connections or processes made available by states for eligibility verification. The National Verifier fills that gap for all ETCs in all states, as it has automated connections to nationwide data sources.

USAC is attentive to the costs of administering the National Verifier system and processes. For example, connections to federal, nationwide databases allow a single investment that can benefit all states and territories and preserve a quality subscriber experience, including real-time results. To date, USAC has saved an estimated \$7.6M in potential manual review costs due to having automated connections to state/federal eligibility databases. These savings are related to new applications submitted and reverifications performed since the initial soft launch. Partnership with the NLAD opt-out states also ensures containment of costs and administrative efficiencies as the state administrators will rely on existing processes and their own connections to automated data sources.<sup>11</sup> Finally, the incurred costs to stand up and operate the National Verifier system have remained within budget.

***iii. Facilitate choice and improve the enrollment experience***

The National Verifier has a dedicated consumer portal where consumers can apply for the Lifeline program without needing to apply through an ETC. The consumer portal is simple and user-friendly and available in both English and Spanish. It provides a standardized application process for all subscribers, no matter where they live or what ETC they ultimately choose. Upon qualification for the Lifeline program in the National Verifier consumer portal, the consumer is

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<sup>11</sup> Both Texas and Oregon have access to automated data sources in their states.

directed to a list of ETCs located in their area, ensuring that they know their options and can pursue service from the ETC they prefer. For consumers who wish to apply with assistance from their ETC, there are two options: the National Verifier service provider portal and the eligibility check API, which is integrated within an ETC's own website or online enrollment platform. Not all ETCs have chosen to use the eligibility check API, but all ETCs have access to the service provider portal. Using the service provider portal, an ETC can help a consumer apply with an interview-style approach to gather the necessary information. (The ETC's agent must be present with a consumer to obtain real-time certifications and eligibility information.) The eligibility check API allows a consumer to apply through an ETC's website, if the ETC is participating in this option, and will route the consumer directly to the National Verifier to complete the required certifications. Consumers may also submit applications through the mail, in recognition of limited internet access among the eligible population. Since the initial launch of the National Verifier, more than 1.4M applications have been submitted to the National Verifier from all sources.

Consumers in NLAD opt-out states will benefit from the state administrator continuing to manage the eligibility and duplicate check processes, with oversight by the National Verifier. Consumers in these states will follow a single, streamlined process to apply for both the federal Lifeline benefit and the state low-income subsidy.

Over the past year, USAC has implemented enhancements to the National Verifier in response to feedback received from stakeholders. We continue to identify ways to improve the application experience to ensure that the process moves quickly and is easy to understand, while not compromising any program integrity controls. One of the most significant enhancements in 2019 was the creation of the eligibility check API. In response to requests from ETCs for more automated tools with which to interact with the National Verifier, USAC deployed the eligibility check API in December 2019. The API allows authorized ETC systems to communicate directly with the National Verifier to verify consumer eligibility and check the status of applications. USAC deployed the API to a pre-production environment in two phases, in September and October 2019, to allow ETCs to test the functionality and begin preparing their systems to connect. Since the deployment to the production environment on December 10, 2019, over 280,000 applications have been submitted through the eligibility check API.

USAC also responded to consumer feedback this year by creating a consumer landing page that includes a dashboard of available tasks that tracks the user's progress through the application or recertification process. Another improvement was made for stakeholders in states that have a batch connection to a state database, rather than a real-time API connection. For a batch connection, the consumer previously had to return to the portal the next day to submit documents if they failed the database check. To avoid this dual-step process, USAC now allows consumers to upload documents at the outset of the process so they do not have to return to upload documents in the event of an automated eligibility check failure.

## **V. LOOKING AHEAD**

USAC is committed to continuous improvement of the National Verifier and welcomes feedback from all stakeholders. Through newsletters, webinars, surveys, and other communication tools, we have created open channels to explain functionality and processes, answer questions from

ETCs, subscribers and other stakeholder groups, and to obtain feedback on the user experience. We use this feedback to enhance system efficiency and ease of use.

In 2020, USAC will be improving our systems and processes in response to the *2019 Lifeline Order*, which was adopted on October 30, 2019. The Order strengthens the Lifeline program processes to meet the FCC's key objectives to protect against waste, fraud, and abuse; lower costs to the Fund and ETCs through administrative efficiencies; and better serve eligible beneficiaries by facilitating choice and improving the enrollment experience.

Specifically, key changes include requiring eligibility documentation from subscribers who meet certain criteria during the recertification process, sharing more aggregate subscribership data publicly, and working closely with state commissions to identify and combat waste, fraud, and abuse.

The Order also codifies three of USAC's existing processes: prohibiting ETCs from claiming deceased subscribers, ensuring that ETCs cannot claim more subscribers than are recorded in NLAD, and requiring ETC representatives to register with USAC so that USAC may monitor activity and identify suspicious use. In 2017, the FCC first directed USAC to create the Representative Accountability Database (RAD), and we have already developed most of the system functionality and processes. The system is currently available for optional use, and carriers must begin using the system on March 26, 2020.

In 2020, USAC will continue to work with state and federal agencies to add more automated data sources to the National Verifier.

Finally, USAC will continue to track the performance of the National Verifier system and the related operational processes, including those performed by the Lifeline Support Center, on a daily basis in order to identify inefficiencies and areas for improvement. We use a number of performance metrics to ensure we are responsive to Lifeline stakeholders. For example, since opening a second call center on September 9, 2019, the average speed to answer a phone call at the Lifeline Support Center was 38 seconds and the average time to perform a manual review was under 6 minutes. We are also focused on ensuring the application process in the National Verifier system moves along in a timely manner. To track this goal, we look at database response time as well as the length of time to complete an application. The average automated database response time in 2019 was 1.3 seconds and, in December 2019, 80% of applications that did not require a manual review were completed in six minutes or less.



**Appendix: States/Territories Currently Participating in the National Verifier**

State	Launch #	Soft / Full Launch	Connection to State Data Source?	Automated Data Connections Established	Applications Received (Through 12/31/2019)
Colorado	1	June '18 / Nov. '18	Yes	SNAP <sup>12</sup> , Medicaid <sup>13</sup> , FPHA <sup>14</sup> , CMS <sup>15</sup>	65,810
Mississippi			Yes	SNAP, FPHA, CMS	78,352
Montana			No	FPHA, CMS	2,778
New Mexico			Yes	SNAP, Medicaid, FPHA, CMS	75,017
Utah			Yes	SNAP, Medicaid, FPHA, CMS	30,415
Wyoming			No	FPHA, CMS	478
Guam			2	Oct. '18 / Jan. '19	No
Hawaii	No	FPHA, CMS			9,418
Idaho	No	FPHA, CMS			10,084
New Hampshire	No	FPHA, CMS			5,653
North Dakota	No	FPHA, CMS			3,687
South Dakota	No	FPHA, CMS			4,108
Missouri	3	Dec. '18 / March '19			Yes
North Carolina			Yes	SNAP, FPHA, CMS	80,676
Pennsylvania			Yes	SNAP, Medicaid, FPHA, CMS	261,324
Tennessee			Yes	SNAP, FPHA, CMS	65,621
Maine	4	Feb. '19 / May '19	No	FPHA, CMS	8,022
Delaware			No	FPHA, CMS	11,092
District of Columbia			No	FPHA, CMS	7,945
Rhode Island			No	FPHA, CMS	15,480
Virgin Islands			No	FPHA, CMS	324
Northern Mariana Islands			No	FPHA	1,706
America Samoa			No	FPHA	728
Kentucky			5	March '19 / June '19	Yes
Michigan	Yes	FPHA, SNAP, Medicaid, SSI, <sup>16</sup> CMS			126,364
Indiana	Yes	FPHA, SNAP, Medicaid, CMS			85,661
Connecticut	6	Jun. '19 / Oct. '19	No	FPHA, CMS	18,260
Vermont			No	FPHA, CMS	1,167
New York			No	FPHA, CMS	89,897
Virginia			Yes	SNAP, Medicaid, CMS	16,133
West Virginia			No	FPHA, CMS	10,318
Georgia			Yes	SNAP, Medicaid, CMS	54,004
Iowa			Yes	FPHA, SNAP, CMS	6,621
Nebraska			No	FPHA, CMS	708

<sup>12</sup> SNAP is the Supplemental Nutrition Assistance Program.<sup>13</sup> Medicaid refers to the State Database.<sup>14</sup> FPHA is Federal Public Housing Assistance<sup>15</sup> CMS is Centers for Medicare & Medicaid Services and refers to the Federal Database.<sup>16</sup> SSI is Supplemental Security Income.

State	Launch #	Soft / Full Launch	Connection to State Data Source?	Automated Data Connections Established	Applications Received (Through 12/31/2019)
Kansas			No	FPHA, CMS	7,175
Arizona			No	FPHA, CMS	37,414
Nevada			No	FPHA, CMS	17,313
Massachusetts	7	Oct.'19 / Jan. '20	No	FPHA, CMS	3,581
New Jersey			No	FPHA, CMS	4,746
Puerto Rico <sup>17</sup>			No	FPHA, CMS	166
Maryland			No	FPHA, CMS	7,678
South Carolina			Yes	FPHA, SNAP CMS	2,536
Alabama			No	FPHA, CMS	2,300
Louisiana			No	FPHA, CMS	10,030
Arkansas			No	FPHA, CMS	7,295
Washington			No	FPHA, CMS	3,310
Oklahoma			No	FPHA, CMS	1,320
Florida			8	Dec.'19 / TBD	No
Ohio	No	FPHA, CMS			13,772
Wisconsin	No	FPHA, CMS			2,497
Illinois	No	FPHA, CMS			32
Minnesota	No	FPHA, CMS			3,150
Texas	9	Dec.'19 / TBD	No	SNAP, Medicaid*	6
Oregon			No	SNAP, Medicaid, SSI*	4
California			No	N/A	25
<b>TOTAL</b>					<b>1,433,733</b>

\* In Texas and Oregon, the states have access to these automated data sources and utilize them as part of their eligibility verification process. The National Verifier does not have direct access to these data sources.

<sup>17</sup> Puerto Rico will fully launch at a later date.