

NATIONAL VERIFIER ANNUAL REPORT AND DATA

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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.¹ Historically, eligible telecommunication carriers (ETC) 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 transferred eligibility determination to USAC. 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.

This annual report provides a summary of the 2018 launch of the National Verifier, 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. 2018 LAUNCH OF THE NATIONAL VERIFIER

In June 2018, the National Verifier launched in six states. Two additional launches took place in October and December 2018. After these three launches, a total of 16 states/territories are now participating in the National Verifier. Information about the 16 states is detailed in Table 1 below. USAC and the FCC will continue to launch the remaining states/territories in this phased approach through the end of 2019.

- On June 18, 2018, the National Verifier deployed the initial soft launch in six states (Colorado, Mississippi, Montana, New Mexico, Utah, and Wyoming).² At that time, ETCs in those states could, but were not required to, rely upon the National Verifier. The June 2018 launch also included an automated connection to the Department of Housing and Urban Development (HUD), which can be used nationwide to confirm participation in public housing assistance. On November 2, 2018, the June 2018 launch states were fully launched, which required ETCs in those states to rely upon the National Verifier.

¹ *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).

² *Wireline Competition Bureau Announces the Initial Launch of the National Lifeline Eligibility Verifier Database*, WC Docket No. 11-42, Public Notice, DA 18-627 (WCB June 18, 2018). Colorado, Mississippi, New Mexico, and Utah have automated connections to state eligibility databases while Montana and Wyoming do not. The decision to automate a state database connection was based upon cost effectiveness analysis made in coordination with the FCC.

- On October 15, 2018, the National Verifier deployed the second soft launch in five states and one territory (Guam, Hawaii, Idaho, New Hampshire, North Dakota, and South Dakota).³ On January 15, 2019, the October 2018 launch states were fully launched.
- On December 4, 2018, the National Verifier deployed the third soft launch in four additional states (Missouri, North Carolina, Pennsylvania, and Tennessee).⁴ The December 2018 launch states will be fully launched in early 2019.

Table 1: States/Territories Currently Participating in the National Verifier

State	Soft / Full Launch	Connection to State Data Source?	Available Automated Data Source	Applications Received (Through 1/17/2019)
Colorado	June'18 /Nov.'18	Yes	SNAP ⁵ , Medicaid, FPHA ⁶	3,328
Mississippi	June'18 /Nov.'18	Yes	SNAP, FPHA	9,998
Montana	June'18 /Nov.'18	No	FPHA	650
New Mexico	June'18 /Nov.'18	Yes	SNAP, Medicaid, FPHA	9,084
Utah	June'18 /Nov.'18	Yes	SNAP, Medicaid, FPHA	2,319
Wyoming	June'18 /Nov.'18	No	FPHA	71
Guam	Oct.'18 / Jan.'19	No	FPHA	16
Hawaii	Oct.'18 / Jan.'19	No	FPHA	27
Idaho	Oct.'18 / Jan.'19	No	FPHA	38
New Hampshire	Oct.'18 / Jan.'19	No	FPHA	83
North Dakota	Oct.'18 / Jan.'19	No	FPHA	83
South Dakota	Oct.'18 / Jan.'19	No	FPHA	39
Missouri	Dec.'18 / TBD	Yes	SNAP, Medicaid, FPHA	50
North Carolina	Dec.'18 / TBD	Yes	SNAP, FPHA	48
Pennsylvania	Dec.'18 / TBD	Yes	SNAP, Medicaid, FPHA	9
Tennessee	Dec.'18 / TBD	Yes	SNAP, FPHA	42
TOTAL				25,885

III. HOW THE NATIONAL VERIFIER MEETS THE OBJECTIVES OF THE 2016 LIFELINE ORDER

The three objectives of the 2016 Lifeline Order, namely, 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, are being met through the design of the National Verifier system and the administration of processes.⁷ The key processes that the system supports - application, recertification, and reverification - are summarized below.

³ *Wireline Competition Bureau Announces the Launch of the National Lifeline Eligibility Verifier in Five Additional States and One Territory*, WC Docket No. 11-42, Public Notice, DA 18-1042 (WCB October 11, 2018). All states/territories in the second launch do not have automated connections to state/territory eligibility databases.

⁴ *Wireline Competition Bureau Announces the Launch of the National Lifeline Eligibility Verifier in Four States*, WC Docket No. 11-42, Public Notice, DA 18-1201 (WCB November 27, 2018). All states in the third launch have automated connections to state eligibility databases.

⁵ SNAP is the Supplemental Nutrition Assistance Program.

⁶ FPHA is Federal Public Housing Assistance, for which USAC has a connection available across all states/territories.

⁷ See *2016 Lifeline Order*, 31 FCC Rcd 3962, para. 128.

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. Applications are validated through available automated eligibility data sources and also undergo checks to confirm identity and 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 Lifeline benefits or is required to submit more information. Qualified individuals can contact ETCs in their area to enroll in the Lifeline program.

To continue to qualify for the Lifeline program, subscribers must recertify annually that they are still eligible for the program. 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.

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/territory is rolled into the National Verifier beginning 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.

The National Verifier does not directly calculate or determine disbursements. Rather, disbursement activity is handled through the Lifeline Claims System within the National Lifeline Accountability Database (NLAD), which is the system of record for enrolled subscribers. For an individual to obtain Lifeline benefits, an ETC must enroll them in NLAD, which is only possible if the National Verifier has deemed the individual eligible.

Throughout development of the National Verifier system, USAC, with guidance from the FCC, consistently applied the following six design principles in order to fulfill the objectives of the 2016 Lifeline Order.

i. Establish an Independent, Centralized System

Key 2016 Lifeline Order Objective(s): Protect Against Waste, Fraud, and Abuse

The National Verifier was devised to close one of the key program integrity concerns in the Lifeline program: ETCs determining 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, taking the eligibility determination

requirement away from the ETCs and placing it in the hands of an independent administrator with a centralized system, removes this conflict of interest.

The conflict of interest was not the only problem with ETCs determining eligibility. The prior decentralized system created a patchwork of verification processes and controls across states and ETCs. Some states centralized the responsibility under a state administrator while others left it to the ETCs. The National Verifier centralizes and standardizes eligibility verification nationwide, making it easier for USAC and the FCC to monitor processes and compliance with the rules.

ii. Utilize Automated Eligibility Data Sources

Key 2016 Lifeline Order Objective(s): All three

USAC has built direct, automated connections to eligibility data sources that are managed by the state and federal agencies who administer the relevant qualifying programs. Automation reduces the need for manual reviews, which are more expensive administratively, increase burden to ETCs and consumers, and can be subject to human error or manipulation. Directly connecting to qualifying program databases allows USAC to reduce the number of manual reviews performed. Since the initial soft launch in June 2018, eligibility was confirmed using an automated state/federal data source in 66 percent of applications.⁸

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. For example, the National Verifier has automated connections to Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Federal Public Housing Assistance (FPHA) data in Colorado and New Mexico; data which ETCs in these states did not previously have access to. In Pennsylvania, ETCs could access the state SNAP and Medicaid data source, however the process was not as streamlined as the National Verifier's automated real-time connection. The National Verifier currently has an automated connection to HUD, providing real-time FPHA results nationwide that were not previously available to ETCs. In December 2018, USAC and the Centers for Medicare and Medicaid Services (CMS) entered into an agreement to begin development of an automated real-time connection for nationwide Medicaid verification.⁹ As USAC rolls in the remaining states and territories in 2019, we will continue to enhance access and automation to state and federal data sources.

iii. Verify Previous Eligibility Determinations

Key 2016 Lifeline Order Objective(s): Protect Against Waste, Fraud, and Abuse

The reverification process is performed to ensure that subscribers whose eligibility was initially validated by ETCs or state administrators are still eligible for the Lifeline program benefit based upon the National Verifier's validation processes. At this time, USAC has initiated the automated

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

⁹ 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, we are primarily pursuing SNAP data from the states. As reflected in Table 1, all state connections have either SNAP data only or SNAP and Medicaid data. We are not pursuing automated state connections to Medicaid-only databases as we anticipate obtaining a single connection to CMS.

reverification checks for all 16 states, where the National Verifier has launched, and is in the process of obtaining and reviewing documentation for subscribers who could not be verified through the automated connections. Using automated state/federal eligibility data sources, USAC has been able to confirm the eligibility for 73 percent of subscribers in states that have automated connections to state data sources.¹⁰ (Note: Subscribers in states with automated connections represent 96 percent of subscribers across all states launched to date. Four percent of subscribers are in states/territories where we do not have an automated connection to a state data source.)

iv. *Standardize Processes while Addressing Unique Needs*

Key 2016 Lifeline Order Objective(s): All three

The National Verifier aims to secure program integrity, achieve administrative efficiencies, and improve the subscriber experience through standardization of key processes while allowing for some customization. Every subscriber's eligibility must be validated through common controls; however, as we know that different subscriber groups have distinct needs and challenges, the National Verifier provides alternative methods for application and recertification.

For example, while each application is required to be processed through the National Verifier system and undergo all system validations, we can receive applications through the National Verifier consumer portal, National Verifier service provider portal, or the mail. By applying through the consumer portal, consumers have the ability to verify their eligibility before selecting an ETC. If they are deemed qualified they can then decide which ETC they would like to obtain service from. The consumer portal is also offered in Spanish and allows users to easily change from English to Spanish and back again, if needed.

The service provider portal is ideal for subscribers who would like assistance walking through the process, have already identified an ETC, or do not have access to the internet. The mail process also supports individuals without internet access. To ensure every application is treated the same, paper applications are input into the National Verifier system using automated optical character recognition (OCR) capabilities to reduce manual data entry and then undergo the same validations as portal submissions. The National Verifier has standard notifications to subscribers and though the content is the same for all similar notifications, the method of outreach (i.e. email or mail) will differ based upon the subscriber's choice.

v. *Lower Costs Through Automation and Other Efficiencies*

Key 2016 Lifeline Order Objective(s): Lower costs to the Fund and ETCs through administrative efficiencies

Removing the responsibility of determining eligibility reduces administrative and compliance costs for ETCs. While some ETCs were already relying on automated connections made available by states for eligibility verification, the National Verifier fills that gap for all ETCs, and also takes over any manual review of documentation. Transferring the eligibility verification responsibility to USAC reduces the risk of ETC non-compliance and the associated cost of enforcement.

¹⁰ In addition to verifying eligibility through state/federal data sources, all applicants are run through certain identity and compliance validations that may result in applicants needing to provide documentation.

USAC is attentive to the costs of administering the National Verifier system and processes. For example, we are pursuing automated connections to eligibility databases based on an analysis of the investment in development/maintenance of the connection as compared to the ongoing cost of performing manual eligibility reviews. In addition, federal connections allow a single investment that can benefit all states/territories and preserve a quality subscriber experience, including real-time results. To date, USAC has saved an estimated \$573,000 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. Currently, there are 16 states/territories that have soft launched, covering 14% of all current Lifeline subscribers. Upon launching the remaining states/territories and bringing on additional state and federal eligibility databases, the potential manual review savings will increase significantly. Finally, the incurred costs to stand up and operate the National Verifier system have remained within budget.

vi. *Enable Subscriber Choice*

Key 2016 Lifeline Order Objective(s): Facilitate choice and improve the enrollment experience

The National Verifier has a dedicated consumer portal where consumers can apply for the Lifeline program without an ETC present. The consumer portal is simple and user-friendly, providing a standardized process that all subscribers can go through, no matter where they live or what ETC they ultimately obtain service from. Upon qualification for the Lifeline program in the National Verifier consumer portal, the consumer is directed to a list of nearby ETCs, ensuring that they know their options and can pursue service from the ETC they prefer. As we recognize that some subscribers may prefer to work with a single ETC, we have created the service provider portal, where an ETC can help a consumer apply using 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 National Verifier consumer portal usage has been high, with over 82 percent of all National Verifier system applications submitted through the consumer portal since the consumer portal was launched in November 2018.

IV. LOOKING AHEAD

USAC and the FCC are committed to continuous improvement of the National Verifier and welcome 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 obtain feedback on user experience. We use this feedback to enhance efficiency and ease of use. For example, in 2019 a new Lifeline dashboard will be implemented that provides helpful features to consumers including an updated workflow that simplifies the address change process.

Increased automation is a key enhancement goal. USAC and the FCC are working to obtain automated connections to as many data sources as possible to improve program integrity, real-time results, and the overall user experience for our stakeholders. In addition, USAC is working to further integrate the National Verifier system and NLAD to create a streamlined and more automated experience for our stakeholders, from application through enrollment.

Finally, USAC tracks 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 of improvement. A few of the metrics we use to indicate performance success are listed below.

Table 2: Key Performance Metrics (June 2018 through January 2019)

Name	Metric
Average call waiting time	2 minutes
Average automated database response time	6 seconds
Average time for application from start to finish (fully automated)	4 minutes
Average manual review time (non-escalated)	6 minutes

USAC plans to utilize operational metrics to measure and improve processes to ensure a consistent and reliable experience for current and prospective Lifeline consumers.