

Pennsylvania DLI ID.me Case Study

Pennsylvania contracted ID.me to verify the identity of unemployment claimants. ID.me quickly implemented a digital verification solution with Pennsylvania.

This led to:

- ✔ Thousands of residents being able to verify their identity and receive necessary unemployment benefits
- ✔ A significant reduction in fraudulent claims and lost taxpayer money
- ✔ Increased efficiency with a standalone page, automated verification workflow, and video call backup

Introduction

Since March 2020, the United States has undergone enormous amounts of fraud at state unemployment systems in what has amounted to an unprecedented cyberattack against America.

Criminals, fraudsters, and even overseas university students have been taking advantage of loosened requirements and increased funding for unemployed workers stemming from the March 2020 CARES Act to steal billions from unemployment agencies. In the wake of this widespread attack, ID.me's NIST 800-63 certified identity verification platform has emerged as the best way to halt massive amounts of state unemployment fraud.

When COVID-19 pandemic began, the Pennsylvania Department of Labor and Industry (DLI) experienced a massive increase in Pandemic Unemployment Assistance (PUA) claims, as with every other state and territory. As thousands of Pennsylvanians applied for benefits, DLI was inundated by volume but still needed to administer payments. Criminal entities developed scalable synthetic identity and social engineering scams to consistently establish fraudulent claims and steal money meant for the unemployed.

State unemployment agencies throughout the United States, including Pennsylvania's, struggled to efficiently adjudicate fraudulent and legitimate claims.

By August 2020, Pennsylvania was struggling with a huge amount of fraud and a large backlog of claimants. Pennsylvania reached out to ID.me to explore identity verification options following ID.me's successful state unemployment agency implementation with Florida in July 2020.





Challenge

In September 2020, the Commonwealth tasked ID.me with rapidly integrating their industry-leading digital identity verification solution to verify claimants that were in Pennsylvania's backlog queue of individuals who required verification. Pennsylvania's leadership was forward-thinking and explored NIST 800-63 identity verification capabilities provided by ID.me before updated federal PUA identity verification requirements were passed in December 2020. ID.me was recommended to Pennsylvania based on previous work with unemployment agencies in Florida and Georgia.

The benefits to the Commonwealth were clear:

- ✓ ID.me offered a solution that could stand alone, thus avoiding a potentially lengthy integration process with the Commonwealth's current system
- ✓ The Commonwealth could have a method to quickly adjudicate hundreds of thousands of individuals in the backlog, without embarking on a highly manual process which would have relied on significant manpower
- ✓ ID.me was the only identity verification solution with video chat capability to ensure that individuals who might traditionally fail identity verification (such as those with thin credit files or individuals who have had name changes), had a pathway to verify in a digital manner that did not rely on an in-person visit

Implementation

ID.me passed a rigorous Commonwealth security review and contracting process in a matter of weeks. DLI devoted a project team to construct the ID.me Hosted Landing Page (HLP) solution, and the team was able to go live with the solution a mere seven business days from the first meeting. On October 8, 2020, the Commonwealth implemented ID.me's identity verification for blocked claimants and immediately directed them to proceed.

ID.me's solution verified users at NIST's 800-63-3 LOA3 level and included multi-factor authentication. The solution allowed claimants to verify their identity with government documents or questions about credit history, combined with telecom verification and validation in financial records (or a live video session with an ID.me agent for those who were unable to pass in a self-serve manner).



Results

Unemployment Benefits Unlocked

As of February 2021, ID.me had verified the identities of over 137,000 legitimate claimants for Pennsylvania. After accounting for fraud ID.me stopped, the true success rate for applicants has consistently hovered at 92.7% of those trying to verify their identities. From October 2020 to February 2021, ID.me stopped 62,500 fraudulent claims.

ID.me's unique video call backup was extremely valuable to Pennsylvania; nearly 30,000 Pennsylvanians were able to verify on a video call with ID.me between October 2020 to February 2021. These individuals would have likely been blocked by a traditional identity verification process. Often, women, young people, and low-income individuals are blocked by traditional identity verification due to a lack of a credit history or a name change.

Through our video call solution, ID.me is able to virtualize an in-person interaction so an individual can prove their identity online in a video chat with a trained agent — a Trusted Referee — without needing to travel to a physical location. Records validation is not needed through this pathway. This option significantly expands access for online verification.

Fraud Prevention

ID.me has blocked hundreds of thousands of bad actors attempting to fraudulently apply for unemployment benefits.

Through our work with state unemployment, ID.me has uncovered and halted fraud networks operating in Nigeria, Russia, Ghana, and China. We have also built extensive fraud detection and investigation systems to identify and stop fraud.

In our work across Pennsylvania and other state unemployment agencies, we have found fraud comes in the following categories:

- 1. Basic Identity Theft**
an attacker leverages stolen personal data to file a claim in the victim's name.
- 2. Social Engineering**
an attacker convinces a victim they are verifying their identity for a job or to get prize money.
- 3. Face Matching**
an attacker holds up a picture, video, or even a computer-generated 3D-printed mask.
- 4. Prisoner Fraud**
incarcerated individuals who are ineligible to file claims do so anyway.
- 5. First-Party Fraud**
an attacker convinces a mule – an individual who knowingly aids the attacker – to let the attacker file a claim in the mule's identity in exchange for a cut of the claims payment.
- 6. Synthetic Identity Theft**
an attacker creates a fictional identity in credit records and uses the fake or synthetic identity to file a claim for an identity that does not exist.

“I believe that ID.me is the future of identity verification for unemployment insurance.”

— BILL TRUSKY,
Deputy Secretary
of Unemployment Compensation

In Pennsylvania alone, ID.me blocked over 62,500 fraudulent claimants, saving tax payers millions of dollars.

An Additional ID.me Benefit: Portable Identity

Once an applicant verifies with ID.me, they can use their login credentials and account across different government agencies and private businesses without verifying again. This saves users an enormous amount of time and eliminates painful redundancies. This also allows millions of individuals who verified with ID.me to seamlessly access VA, SSA, and other federal agencies.



Conclusions and Future Plans

Pennsylvania DLI's decision to implement strong identity verification security measures well before the national mandate proved to be crucial in not only clearing a large backlog, but also in blocking a significant amount of unemployment fraud that saved taxpayers millions. Since Pennsylvania deployed ID.me, Section 242 of December 2020's Continued Assistance Act has required states to have an adequate system for administering the PUA program, including procedures for identity verification or validation and for timely payment for claims filed on or after January 26, 2021.

ID.me is proud to serve as an identity verification provider for Pennsylvania DLI. As of February 2021, 23 states have contracted ID.me for identity verification solutions. ID.me continues to upgrade its technological capabilities and is excited to provide crucial verification services for other state and federal agencies.

About ID.me

ID.me verifies customer identity and group affiliation in real-time to help companies offer exclusive promotions to specific customer segments. Their digital identity network and omni-channel solution allow for secure online identity verification and detailed e-commerce data. ID.me has partnered with hundreds of businesses for their group discount programs.