DRAFT LIFELINE
NATIONAL VERIFIER PLAN

NOVEMBER 30, 2016

Universal Service
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Overview of the Draft National Verifier Plan

This document is the Draft National Verifier Plan (the "NV Plan") and was created in response to the Lifeline Reform and Modernization Order (the "Modernization Order") adopted by the Federal Communications Commission (FCC) in March 2016.[1]

- The Draft National Verifier Plan contains a section detailing each of ten key components, as well as an introduction (at the beginning) and a glossary of key terms (at the end).

Because stakeholder feedback is critical to the success of the National Verifier – both in the development and rollout phases – the Universal Service Administrative Company (USAC) invites the public to comment on the Draft National Verifier Plan through a comment portal available at: http://www.usac.org/li/tools/national-verifier/default.aspx.

- Feedback on the National Verifier is always welcome; however, only comments submitted between December 5, 2016 and December 30, 2016 can be considered for incorporation into the Final National Verifier Plan.
- The NV Plan will be updated every six months during the implementation of the NV.

We will publish the Final National Verifier Plan in early 2017.

- Before it is published, the Final National Verifier Plan will be approved by the Wireline Competition Bureau and the Office of the Managing Director at the FCC.

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1. The Modernization Order can be found on the FCC's website: https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-38A1.pdf

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Background: The FCC has charged USAC to develop and implement the National Verifier to determine Lifeline eligibility

In March 2016, the Federal Communications Commission (FCC) adopted the Lifeline Reform and Modernization Order (Modernization Order), further updating the Lifeline program to, among other things, streamline eligibility verification for enrollment and recertification.

Currently, applicants' eligibility can be verified through one of several methods by a Service Provider or a state administrator. The FCC has recognized that this system can be complex, burdensome, and leaves open the potential for waste, fraud, and abuse.

As a result, the Modernization Order mandated the creation of a National Verifier (NV) to standardize eligibility verification across all states and territories and to perform the following functions:
- Create the Lifeline Eligibility Database (LED), which will be connected to state and federal data sources,[1] to determine eligibility for both initial enrollment and annual recertification;
- Allow Service Providers, consumers, and state, territory, or tribal government users to check eligibility or enrollment status; and
- Calculate payments to Service Providers based on data available through National Verifier.

The Modernization Order tasked USAC, in consultation with the FCC, with developing and implementing the National Verifier in phases from the end of 2017 through the end of 2019.

Please note that this is a draft, and will be finalized by the FCC in the near future. Thereafter, the plan will be a living document. It will be updated every six months and progress reports will be submitted to the FCC as required by the Modernization Order.

1. Data sources of qualifying eligibility programs (e.g., Medicaid)

In the 2016 Modernization Order, the FCC identified three main goals for the National Verifier

1 Stronger Program Integrity

- Independent eligibility verification, with more automatic checks, conducted directly by USAC to reduce waste, fraud, and abuse

- Single eligibility system to audit and report on potential fraud metrics

- Streamlined, consistent processes to distinguish mistakes from waste, fraud, and abuse

2 Reduced Complexity

- Streamlined access to eligibility information for Service Providers

- States relieved of maintaining data use agreements and interfaces with multiple SPs

- More automatic checks of data sources to determine eligibility

- Central source of program information and support for consumers

3 Lower Cost

- SPs relieved of eligibility verification burden

- Lower cost to aggregated system due to more streamlined processes:
  - More automated verification to reduce costly manual reviews; and
  - More automated recertification to reduce costly outreach

USAC has followed a methodical process to develop the Draft National Verifier Plan...

1 Work closely with the FCC to better understand the Lifeline Modernization Order ✓

2 Seek best-in-class support from external vendors to design the National Verifier and help navigate the changes required at USAC ✓

3 Conduct interviews, research benchmarks, and consult with states on best practices for verification systems and processes ✓

4 Design the National Verifier based on findings ✓

5 Review proposed design of the National Verifier with stakeholders (*details on next slide*) ✓

6 Develop the Draft National Verifier Plan and submit it to the FCC before December 1, 2016 ✓

7 Publish Draft National Verifier Plan ✓

8 Seek comments on the Draft National Verifier Plan and incorporate feedback into the Final National Verifier Plan (to be finalized in early 2017) — **Now in Progress**

...and we have incorporated input from multiple stakeholder groups throughout the Draft NV Plan

State and federal agencies
- State utility commissions / NARUC
- State administrators of Lifeline-qualifying programs

Service Providers
- Variety of mobile / wireline Service Providers
- New broadband SPs

States

Service Providers

National Verifier

FCC

Third party support

Consumer groups

Third-party support
- Management consulting services
- Procuring systems integrator for the IT build
- Will procure business process outsourcing (BPO) vendor for consumer support and manual processing

Stakeholder input will be critical beyond this point: we will need input throughout the multi-year implementation and rollout of the NV

There are a variety of different criteria by which applicants can demonstrate eligibility for Lifeline

		Current % of LL applicants qualifying through criterion[1]	Comments
Medicaid		38%	• Qualify through enrollment in Medicaid
SNAP		38%	• Qualify through enrollment in SNAP
SSI		3%	• Qualify by receiving SSI payments
Federal Public Housing Assistance		0.6%	• Qualify by receiving public federal housing benefits
Income		3%	• Qualify if income is at or below 135% of the federal poverty line
Tribal[2]		0.2%	• Qualify by receiving certain tribally-focused assistance programs[3]
VA		N/A (*eligible as of December 2nd, 2016*)	• Qualify by receiving the Veterans Pension / Survivor Benefits

1. Numbers do not add to 100% due to rounding and the Modernization Order's removal of certain qualifying criteria for Lifeline eligibility determination
2. Must live on tribal land to qualify through tribal programs
3. Bureau of Indian Affairs General Assistance, Tribally-administered Temporary Assistance for Needy Families, income-based Head Start, or the Food Distribution Program on Indian Reservations

Lifeline will move from the current state where Service Providers conduct eligibility verification...

Applicants

Apply via SP

Service Providers

SPs have multiple processes to verify eligibility

Manual review

Automated verification via state data sources[1]

~50% of states have automated data sources

Risk in current state (See slide 11)

USAC

National Lifeline Accountability Database (NLAD)

NLAD checks identity & duplicates

e-File

Form 497

USAC

Finance team

4 USAC disburses payments based on SP-verified list (Form 497)

3 SPs certify eligibility and enroll applicant in NLAD, recertify subscribers annually and de-enroll if necessary

1. For example: Medicaid, SNAP, SSI

9

…to a future state where USAC conducts eligibility verification through the National Verifier...

Applicants

Applicants can use National Verifier to directly check eligibility via web or mail and then enroll through a SP[1]

NV communicates eligibility and Lifeline program information

Applicants can apply via SP

Mitigation in future state (See slide 11)

USAC National Verifier

Lifeline Eligibility Database (LED)

Automated verification via federal / state data sources[2]

Manual review if needed

National Lifeline Accountability Database (NLAD)

NLAD checks identity & duplicates.

USAC disburses payments based on NLAD-verified list.

4

Service Providers

1 **2**

SPs use National Verifier for end-to-end Lifeline administration (eligibility, enrollment, payment)

3 LED certifies eligibility, recertifies subscribers annually, and notifies NLAD to de-enroll subscribers when necessary

1. If eligible, applicant receives application number and list of nearby SPs 2. For example,, Medicaid, SNAP, SSI

...which is designed to address several program integrity risks in the current Lifeline program

Current program integrity risk

Planned NV mitigation strategy

1 Service Providers conducting Lifeline eligibility verification creates potential for waste, fraud, and abuse	**1** Centralize eligibility verification with USAC, a neutral party
2 Variation in eligibility verification processes across Service Providers and states creates potential for confusion, errors, inconsistency	**2** Standardize eligibility verification processes through the National Verifier • More automated verification by pinging federal data sources increases accuracy • Centralized manual reviews conducted by BPO vendor that adheres to consistent quality control standards
3 Subscribers whose eligibility has lapsed may not be timely de-enrolled from NLAD	**3** Automate recertification to re-confirm eligibility (removing need for self-certification for majority of subscribers) Automate de-enrollment of subscribers due to non-response for self-certification
4 Payment complexity due to separate processes for enrollment and claims for reimbursement	**4** Unified NLAD / LED systems streamline ability to tie disbursements directly to subscribers claimed in NLAD

With the implementation of the National Verifier, the roles of key Lifeline stakeholders will shift

Eligibility verification must shift from Service Providers to USAC

USAC	**States / Federal Agencies**	**Service Providers**
Conduct identity and duplicate checks (NLAD)	**Enable manual eligibility verification (if needed)**	**Facilitate consumer application process**
Process consumer applications and confirm eligibility prior to enrollment	**Establish / maintain data use agreements with USAC**	**Support document upload for manual eligibility checks (if needed)**
Conduct all annual recertification[1]	**Facilitate yes/no response on applicant eligibility to the NV**	**Provide consumer support**
Provide full service consumer support	**Establish / maintain data use agreements with SPs**	**Complete data use agreements with states**
Facilitate data use agreements with states	**Facilitate yes/no response on applicant eligibility to SPs**	**Retain applicant-provided eligibility / identity documents according to Lifeline rules**
		Check state sources (including manual review where necessary) to confirm consumer eligibility
		Conduct annual recertification

New roles   *Reduced burdens*

1. SPs can currently elect USAC to conduct annual recertification

The National Verifier will also change key processes (1/3)
Process example: Enrollment

Enrollment: **All consumers must verify their eligibility through the National Verifier before receiving Lifeline benefits.**

- Applicants will provide the NV with their personal information either directly or through a Service Provider.

- The NV will interface with federal / state data sources to verify eligibility; as needed, the NV will conduct manual review of applicant-submitted documents.
    - NV will also conduct identity verification and duplicate subscriber / address checks.

- Similar to current practice, Service Providers will enroll approved applicants in NLAD; going forward, only applicants verified by the NV can be enrolled in NLAD.

The National Verifier will also change key processes (2/3)
Process example: Recertification

Recertification: All subscribers must annually recertify directly through the NV to continue to receive Lifeline.

- At least 90 days prior to the service initiation date anniversary, the NV will attempt to recertify all subscribers by checking automated data sources.
  - No further action is required from subscribers found through automated verification.

- The NV will reach out to subscribers who could not be automatically verified through several channels (e.g., mailing and reminder texts, calls, etc.) to complete self-certification.
  - Subscribers will have many channels (e.g., phone, mail, web) through which they can complete self-certification.

- The NV will keep SPs apprised throughout this process and will automatically de-enroll subscribers who fail to recertify.

The National Verifier will also change key processes (3/3)
Process example: Payment

Payment: **Once the NV is operational, each Service Provider will be paid exclusively based on the record of its subscribers in NLAD.**

- Service Providers will continually update NLAD to ensure that it is an accurate record of subscribers enrolled in Lifeline.

- NLAD will produce a "snapshot" report on the 1st of each month and request Service Providers to certify the list.

- Service Providers will be paid based on that certified list of subscribers.

These updated processes will require a build of new integrated eligibility systems...

Eligibility

Enrollment

Federal / State data sources

Lifeline Eligibility Database (LED)

- One eligibility engine with many functions:
  - Query qualifying program data sources to determine eligibility;
  - Store yes/no eligibility results; and
  - Queue applications to BPO for manual review when necessary[1]
- Portals for eligibility verification (e.g., consumer web portal, batch uploads)

National Lifeline Accountability Database (NLAD)

- Database of all enrolled Lifeline subscribers for calculating payments to SPs;
- Services to check duplicate subscribers / addresses and verify identity; and
- Portal for subscriber updates

New build required

Updates required

From a technical standpoint, LED and NLAD will be tightly integrated as part of the single National Verifier solution to ensure a streamlined experience

1. For example, income verification or when applicant not found automatically in federal / state data sources

...and the addition of new capabilities
New capabilities will come from both internal and external sources

USAC capabilities	Vendor capabilities	
USAC / Lifeline team	**Systems integrator**	**BPO provider**
Rigorous vendor management	Build the National Verifier with all capabilities required to enable the timely and successful completion of its goals	Manual processes and consumer call center to: • Conduct manual eligibility reviews when automatic checks are not available • Receive and process mail-in applications and IVR recertifications • Support communication methods (e.g., mail recert. notices)
Additional capacity for stakeholder engagement and development of data use agreements	Build the National Verifier to comply with all applicable security- and privacy-related standards and regulations	
Complex project planning and KPI tracking	Test the National Verifier systems to ensure an optimal user experience	General consumer support, including for all dispute resolutions
Additional advanced data analytics to detect waste, fraud, and abuse	*Procured by Jan. 2017*	*Procured in early 2017*

These changes will be managed by an FCC / USAC governance structure

Executive Committee
Senior FCC staff & USAC Leadership

Steering Committee
USAC Leadership

1 State / federal engagement	**2** Stakeholder engagement	**3** Technical build	**4** Operations	**5** Org structure and staffing
Lifeline Strategic Partnerships team	*Lifeline Stakeholder Engagement team*	*Lifeline leadership (in collaboration with USAC IT, UX / SI)*	*Lifeline Operations team*	*Lifeline leadership*
• Develop relationships with agencies • Work closely with USAC General Counsel and IT to explore data use opportunities • Shepherd agencies through NV implementation	• Provide regular updates and solicit feedback on the design of the NV • Provide program and operational guidance to stakeholders on new systems / processes	• Contract & manage SI vendor • Complete technical design • Build technical components • Test and launch	• Develop process flows and operating procedures • Contract & manage BPO vendor • Build operational components (e.g., design forms) • Set up call center & other consumer support channels	• Hire new FTEs • Onboard new FTEs

The National Verifier will be launched in multiple waves as states are ready over the next three years

Year	2017	2018	2019

NV Plan

Draft NV Plan

Final NV Plan

NV Progress Reports for FCC

Build & test

Build core NV system

Launch NV in states (in waves as states are ready)

Deadlines in FCC Order

Dec 31 2017
Min of 5 states

Dec 31 2018
Min of 25 states

Dec 31 2019
All 56 states and territories

Stakeholder engagement

Continual, iterative feedback and testing on UX to prioritize features and optimize usability, as well as to provide sufficient time to prepare for each wave

The National Verifier Plan will be continuously updated and published every 6 months

Note: Where the NV is launched in a state, carriers will no longer verify eligibility, and the NV will use a combination of manual and automated methods to verify eligibility

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Stakeholder engagement: Executive summary

Proactively engaging key stakeholders is critical to the success of the National Verifier.
- Stakeholder feedback helps to understand the opportunities and implications of the National Verifier for those who will interact with it regularly.

USAC sought extensive feedback from three key stakeholder groups:
- Service Providers
- Consumer groups
- State and federal partners

USAC solicited feedback on NV through regular calls, meetings, and web channels to better understand each stakeholder's potential concerns.

Initial feedback was incorporated into this NV plan, and USAC will continue to solicit and incorporate feedback as it designs NV systems and processes.

Three key stakeholders were engaged for the National Verifier Plan
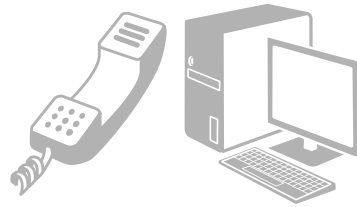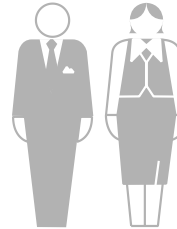
Service Providers	Consumer groups	States / federal agencies

Stakeholder primary interests

Simple systems / processes	User-friendly interfaces	Data use and storage
Minimizing business process disruptions	Maximizing access for all consumers	Protecting data (privacy, security)

We used three main communication channels to solicit feedback from stakeholders

	Targeted Interaction	**Broad Interaction**	**Newsletter / Website**
Stakeholders			
Service Providers	• Individual and small group workshops to better understand potential implementation challenges	• Webinars to provide updates on NV and seek feedback	• Bi-weekly newsletter to share NV implementation information and decision points

Consumer groups	• Participation on NASUCA calls to understand consumer challenges	• Webinars to provide updates on NV and seek feedback; focus on groups assisting with applications	• Website with continual updates to reflect latest on NV and any need-to-know information
			  – Includes blog posts
			  – Includes information on how to reach USAC and participate in ongoing stakeholder outreach activities

States / federal partners	• Individual calls to understand unique circumstances	• Webinars to provide updates on NV, seek feedback, and share best practices across states • Participation in NARUC conferences	

We will continue to solicit feedback through these channels throughout the development of and transition to the NV

We heard several concerns from stakeholders and will address initial feedback (1/2)

Feedback provided by:	Potential concerns	How feedback will be addressed
Service Providers	Potential for business process disruption	NV systems will be designed to be compatible with SP systems (USAC will ensure time for system testing prior to full launch).
	Maintaining relationships with Lifeline consumers	SPs will be able to interact with consumers in program application and recertification processes (i.e., using APIs or co-branding outreach).
	Speed at which the NV will be able to provide eligibility decisions	Eligibility determinations will be automated as much possible by investing resources in developing data use interfaces where possible.
	Challenges supporting consumers in tribal areas	USAC is working with tribal organizations to understand tribal consumer needs.
	Clear requirements of Service Provider responsibility	USAC will provide detailed operational guidelines for all SPs well in advance of NV launch.
	Navigating different state and federal requirements	The NV will be designed to create a streamlined process for SPs, regardless of unique state or federal requirements being met behind the scenes by the NV.
	Lifeline consumer support channels	The NV will have web channels and a call center to provide consumer support.

We heard several concerns from stakeholders and will address initial feedback (2/2)

Feedback provided by:	Potential concerns	How feedback will be addressed
Consumer groups	Educating consumers on this significant transformation	USAC is partnering with advocates to prepare consumer facing materials and learn about available channels.
	Leveraging social service or community entities to aid in consumers navigating the program	USAC is researching and reaching out to consumer groups who already interact with this population.
	Creating a positive consumer enrollment experience	UI will be designed to be user friendly for all (e.g., multiple intake methods and languages).
States / federal partners	Security and privacy of eligible consumer data	The NV will only collect what is absolutely necessary to determine eligibility, seeking only yes/no verification responses as often as possible, with deep focus on security as discussed later in this plan.
	Alignment of the NV with existing processes or statutes	USAC is working closely with entities to understand their unique needs and circumstances and to create flexible processes with no "one size fits all" approach.
	Limited resources available to facilitate data usage	USAC is following a methodical approach to evaluate implementation timing for each entity.
	Cost to the agency to engage in implementation	The Modernization Order allows for addressing costs incurred by states and federal agencies.

Deep dive: States and territories (1/2)

We are using an iterative, consultative process with each state to build a launch pipeline

Process for each state

Ongoing consultation

Stage	Details
Introduce NV	• Conduct initial outreach to and communication with state officials • Coordinate to assess each state's feasibility to execute a data use agreement with USAC within the timeline for next wave
Continue ongoing consultation to understand readiness	• Further assess each state's Lifeline processes, ability to implement near-term Lifeline program changes, and technical abilities
Continue legal / IT / privacy discussions	• Obtain commitment from each state to enter into a data use agreement with USAC • Obtain sample data use agreements • Initiate engagement on IT systems and data privacy and security requirements • Regularly discuss progress and possible roadblocks
Build interface between state data source and USAC	• Finalize data use agreements • Build interface from state's data source to USAC to obtain 'yes/no' eligibility response
Launch NV when ready	• Launch NV in states that are ready by deadline for each wave

There will be multiple waves over the next three years so states can launch NV when they are ready

Deep dive: States and territories (2/2)
States have highlighted the need to discuss their costs of NV implementation

USAC is discussing cost considerations with states to develop the NV system and processes required to launch NV.

Each state falls along a spectrum of technical models
- Some states already share data with Service Providers or other organizations
- Some states already have databases that consolidate data from all of the qualifying programs (e.g., Medicaid, SNAP, etc.)
- Some states currently have none of these capabilities

Estimations of cost incurred by states to interact with the National Verifier will vary based on each state's technical model and other unique circumstances.

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Business architecture: Executive summary

The business architecture chapter captures, at a high level, each key process that the National Verifier will be required to complete.

- The business architecture defines the key systems that underlie the NV and serves as a guide describing how key stakeholders will interact with those systems.

We have created a list of 24 scenarios that the National Verifier will address and have drafted the high-level business architecture for each scenario.

- We solicited and have received input from stakeholders on key external-facing scenarios (e.g., enrollment, recertification, payment).
  - We will continue to engage stakeholders as we refine the Plan.

There are a variety of scenarios that underpin the high-level business architecture for the NV (1/2)

		Scenario	Slide #
Enrollment	1	Individual consumer applies directly through NV (or through third party via provided API)	32
	2	Batch enrollment through approved third party • Service Provider • Aggregation projects	34
	3	Application status check	35
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Updates	11	Subscriber information update process • Address, name change, etc.	43
Payment	12	Service Provider payment process	44
	13	Receipt of payment information from NLAD opt-out states	45
	14	SP payment review / correction process	46

There are a variety of scenarios that underpin the high-level business architecture for the NV (2/2)

		Scenario	Slide #
Reporting / auditing	(15)	Reporting for USAC / FCC	47
	(16)	Reporting for state / federal partners	47
	(17)	Reporting for Service Providers	47
	(18)	Reporting for social service agencies	47
	(19)	Reporting for aggregation projects	47
	(20)	System failure notification	48
	(21)	Auditing process	49
Dispute resolution	(22)	TPIV / AMS / port freeze dispute resolution	50
	(23)	Eligibility dispute resolution	51
	(24)	Recertification dispute resolution	51

**The rest of the slides in this section explain
each scenario in detail**

Consumer verifies eligibility directly through NV (including through API provided to SPs); SPs enroll verified applicants

Service Provider	Prepaid wireless	Postpaid wireless
	Broadband	Wireline voice

7 Applicant goes to SP to enroll in Lifeline, providing PII and application number

8 As part of SP claim process, NLAD verifies eligibility through LED and performs duplicate subscriber / address checks

Applicant

1 Applicant applies through LED (through web portal, incl. SP API, or mail)

6 LED confirms (or denies) eligibility for Lifeline program, and sends application number to applicant

Lifeline Eligibility Database (LED)

LED components

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8 SP claims subscriber in NLAD

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2 LED checks TPIV, AMS

3 LED verifies eligibility w/ automatic data sources

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

DEPARTMENT OF HEALTH AND HUMAN SERVICES / US DEPARTMENT OF VETERANS AFFAIRS

- Automatic API, updated real time
- Automatic API, updated periodically

4 8 LED checks duplicate subscribers, addresses

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5 As req'd, LED checks eligibility

- Manual check, updated real time
- Manual check, updated periodically
- Manual document review[1] (e.g., of SNAP card)

May perform Steps 2-4 concurrently

Manual document review process[1] invoked if failure in Step 2 or Step 4

Note: Number balls represent steps in process; all actions on step 8 happen simultaneously
1. Eligibility and/or identity verified through document review at the USAC call center as failsafe process of last resort

The Draft National Verifier Plan encompasses several types of automated and manual reviews

	Data freshness	Description
Automated	**Real time**	• Automated query of eligibility data source • Data source updated in real time (most recent information)
	Periodically updated	• Automated query of eligibility data source • Data source may not have latest available information
Manual[1]	**Real time**	• Manual check of eligibility data source • Data source updated in real time (most recent information)
	Periodically updated	• Manual check of eligibility data source • Data source may not have latest available information
	Documents	• Manual review of documents provided by applicant

1. SLA for manual review to be determined; pursuing as close to real time as possible while considering cost and BPO capabilities

Third-party batch application / eligibility verification process

Applicant

1 Third parties collect information and consent from individual applicants

4 Third party informs applicant of application decision, including application number

Approved third parties

Service Provider	State / federal agency
Social services program	Other approved third parties[1]

2a Third parties submit properly formatted batch of applicant information to LED

2b Variant: If third party is an approved governmental agency (e.g., HUD), can submit a data source file that LED can query, equivalent to any other eligibility data source (see scenario #5)

3 After checking eligibility on each applicant, LED sends batch results back to third parties, including application number

4 LED sends results, including application number, to individual applicants through preferred means of communication

Lifeline Eligibility Database (LED)

LED components

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Applicants requiring manual review will be rejected and must go through the individual application process

1. As designated by USAC
Note: Both actions on Step 4 happen simultaneously; we are targeting near real time turnaround for all reviews

Eligibility verification / application status check

Applicant

1 Applicant requests status update from LED (web portal, mail, phone)

2 LED returns status update to applicant via preferred method of communication (web portal, mail, phone, text, email)

3 As required, applicant submits supporting documentation and / or IEH form (mail, web portal)

Lifeline Eligibility Database (LED)

LED components

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Note: Information available through status check likely to include application status, application number, update of preferred method of communication, functionality to submit documents required to continue in process (as required), IEH form submission (as required)

Tribal support: Applicant self-certifies eligibility to receive enhanced tribal support subsidy

Applicant

1 As part of eligibility verification process, applicant may self-certify eligibility for enhanced tribal support

4 If address check is unsuccessful, upon enrollment, NLAD triggers (through LED) mailing of tribal lands residency verification form to applicant

5 Upon receipt of form and confirmation of information received from applicant, NLAD (through LED) registers eligibility of subscriber for enhanced tribal subsidy

Lifeline Eligibility Database (LED)

LED components

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2 LED verifies applicant's address (e.g., checking an Oklahoma address against the FCC's definition of Oklahoma tribal land)

3 If address check is successful, LED notifies NLAD of applicant's entitlement to enhanced tribal support during enroll process, and NLAD registers tribal eligibility

Address verification

NLAD

NLAD components

Universal Service Administrative Co.

Process to upload / update underlying batch files for periodically updated eligibility data sources

Approved third parties	State / federal agency	Aggregation projects
	Other approved third parties[1]	

1 At an interval to be determined (e.g., monthly), approved third party updates its data source batch file, including (if desired) unique identification numbers for exact matching

2 LED confirms receipt of the latest information, notifies approved third party of any issues (e.g., inexact matches), and updates batch file if no issues

Lifeline Eligibility Database (LED)

LED components

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Note: May have different technical upload process dependent on file size
1. As designated by USAC

Individual consumer annually recertifies eligibility (includes subsequent de-enrollment)

Automated data sources	Applicant	Service Provider	Prepaid wireless	Postpaid wireless
			Broadband	Wireline voice

2 LED verifies eligibility with automated data sources

3 LED communicates Lifeline eligibility; if not confirmed, sends self-certification letter to subscriber (and triggers outreach via phone, text, etc.)

4 Non-verified subscribers return self-certification (via mail, web, phone)

Lifeline Eligibility Database (LED)

LED components

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1 At least 90 days before service initiation anniversary, NLAD sends list of recerts to LED for processing

5 On an ongoing basis, NLAD queries LED to determine subscribers who were and were not recertified and updates subscriber records accordingly

6 NLAD continually de-enrolls subscribers who failed to recertify and notifies Service Provider of de-enrollments

NLAD

NLAD components

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Benefit transfer: Subscriber requests transfer of Lifeline benefit to a new Service Provider

Subscriber

1 Subscriber approaches new Service Provider to request transfer

2 Subscriber returns affirmative consent form to SP, which retains documentation for audit purposes

7 New SP informs subscriber of successful / unsuccessful transfer

9 If consumer consents, National Verifier performs recertification after successful transfer

LED — LED components — Universal Service Administrative Co.

Service Provider (new)

Prepaid wireless	Postpaid wireless
Broadband	Wireline voice

Service Provider (old)

Prepaid wireless	Postpaid wireless
Broadband	Wireline voice

3 New SP requests transfer in NLAD on behalf of subscriber, certifying subscriber's request and consent to transfer

5 NLAD informs new SP of successful / unsuccessful transfer

6 If transfer is successful, NLAD informs old SP that subscriber has transferred to new SP (i.e., that LL subsidy will cease for old SP) and that de-enroll has occurred

NLAD — NLAD components — Universal Service Administrative Co.

4 NLAD internally processes transfer request (including checking port freeze; if during port freeze exception process, manual review is triggered and applicant must submit documents); subscriber is de-enrolled from old SP and enrolled/claimed by new Service Provider if successful

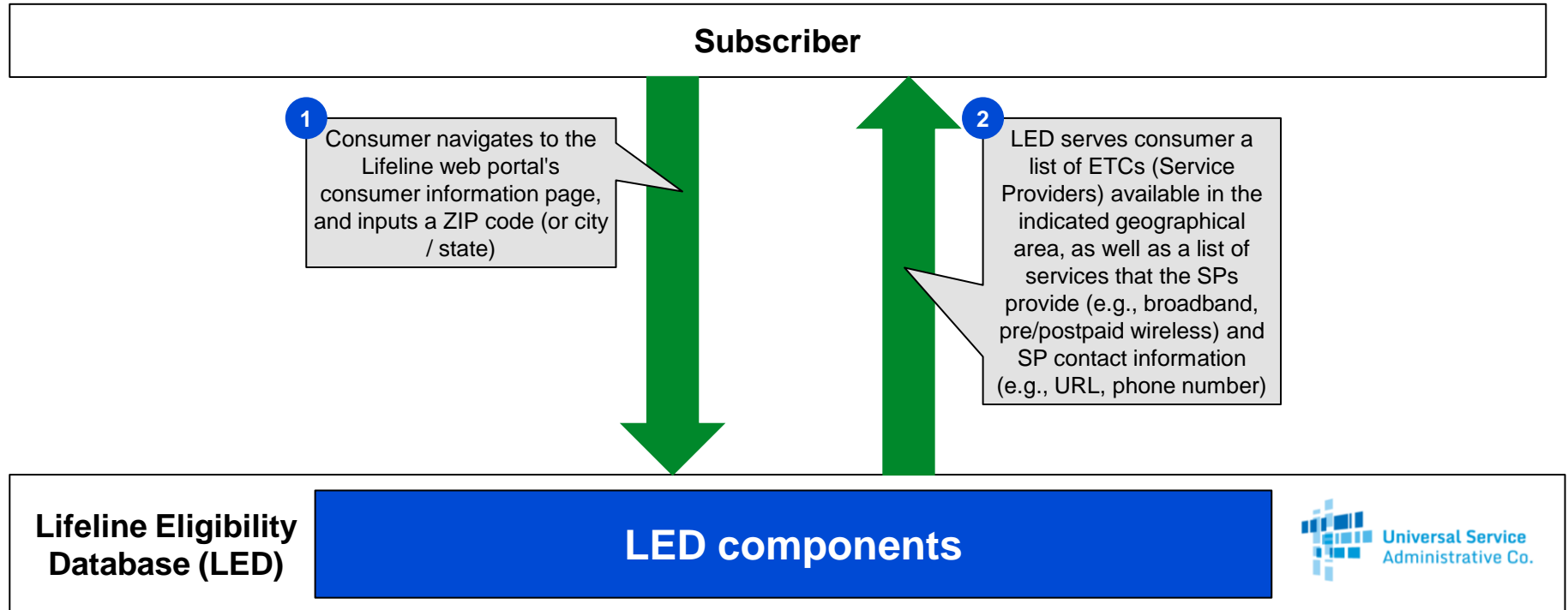**8** After any transfer attempt, NV directly notifies consumer through preferred means of communication

Approval and management of third-party NV accounts (e.g., for SPs, social services agencies, states / verifier partners)

Third parties	Service Provider	State / federal agency
	Social services program	Other approved third parties[1]

1 Third party reaches out to USAC to apply for an account[2]

4 USAC informs third party of approval or rejection; if approved, USAC informs third party of available functionality / user guide

USAC

2 USAC reviews the application and determines whether to accept or deny request; if accept, determines appropriate scope of account privileges (e.g., by assigning specific user role)

Universal Service Administrative Co.

3 Appropriate account privileges are granted and/or revised for use with LED

3 Appropriate account privileges are granted and/or revised for use with NLAD

Lifeline Eligibility Database (LED)

LED components

Universal Service Administrative Co.

NLAD

NLAD components

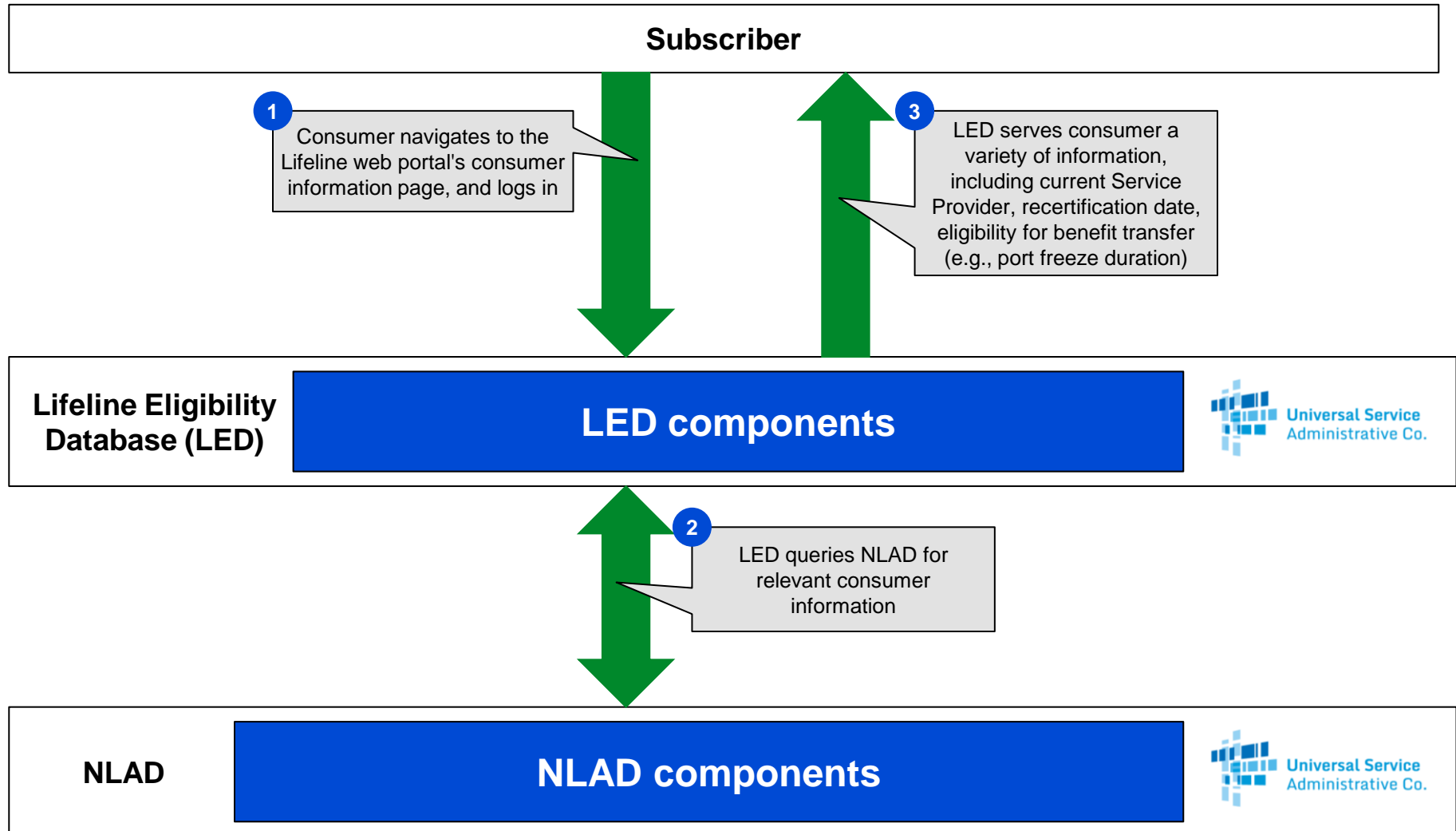Universal Service Administrative Co.

1. As designated by USAC 2. Service Providers will continue to apply through e-File

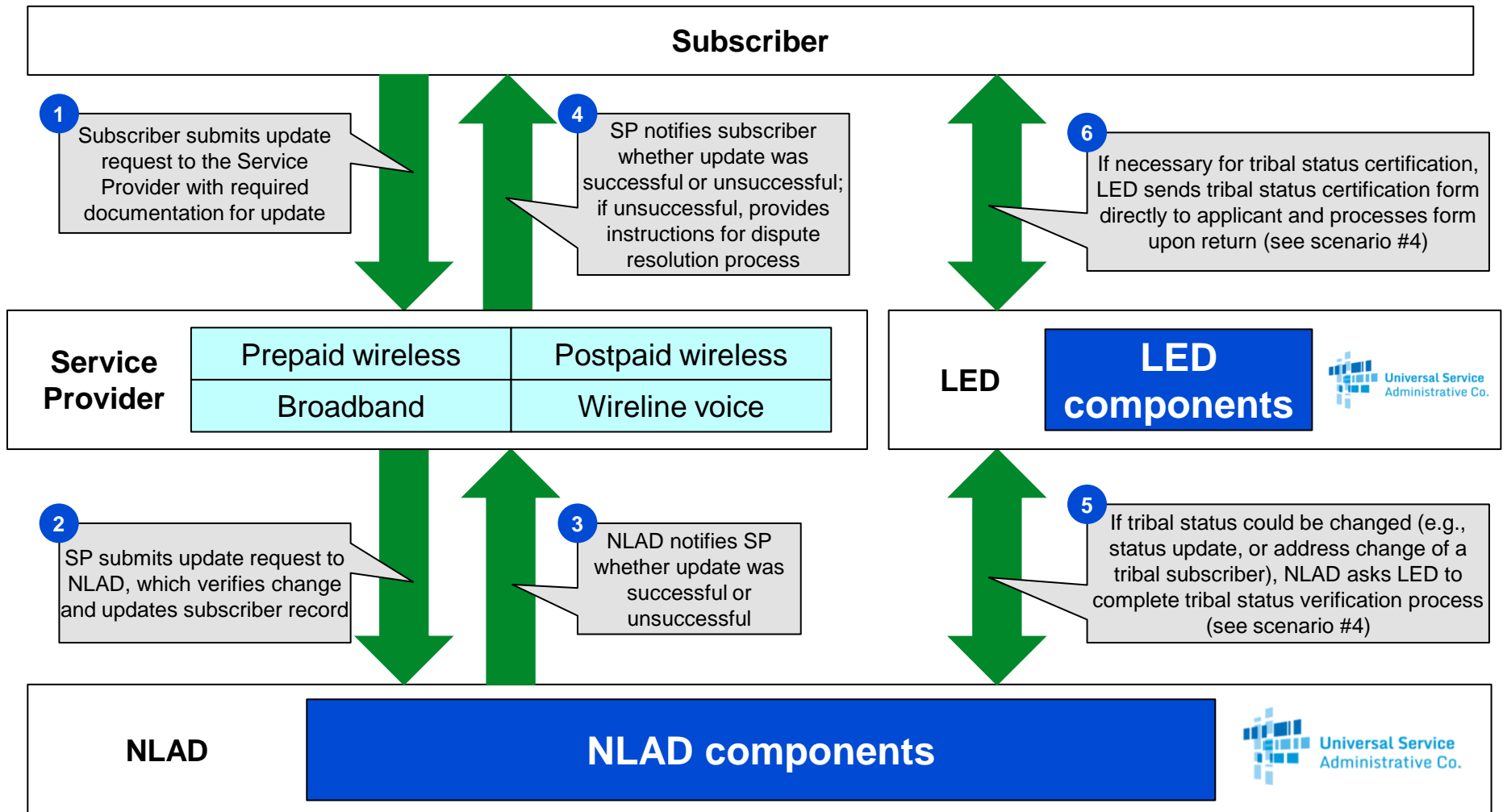# Display of public consumer information (e.g., ETCs in a given geography)

Subscriber

1 Consumer navigates to the Lifeline web portal's consumer information page, and inputs a ZIP code (or city / state)

2 LED serves consumer a list of ETCs (Service Providers) available in the indicated geographical area, as well as a list of services that the SPs provide (e.g., broadband, pre/postpaid wireless) and SP contact information (e.g., URL, phone number)

Lifeline Eligibility Database (LED)

LED components

Universal Service
Administrative Co.

Display of private information to consumer (e.g., current SP, annual recertification date, port freeze end date)

Subscriber

1 Consumer navigates to the Lifeline web portal's consumer information page, and logs in

3 LED serves consumer a variety of information, including current Service Provider, recertification date, eligibility for benefit transfer (e.g., port freeze duration)

Lifeline Eligibility Database (LED)

LED components

Universal Service Administrative Co.

2 LED queries NLAD for relevant consumer information

NLAD

NLAD components

Universal Service Administrative Co.

Note: Also possible to receive this information by contacting USAC Lifeline Consumer Support (i.e., call center)

Subscriber information update process (e.g., name change, address change, change to tribal status)

Subscriber

1 Subscriber submits update request to the Service Provider with required documentation for update

4 SP notifies subscriber whether update was successful or unsuccessful; if unsuccessful, provides instructions for dispute resolution process

6 If necessary for tribal status certification, LED sends tribal status certification form directly to applicant and processes form upon return (see scenario #4)

Service Provider

Prepaid wireless	Postpaid wireless
Broadband	Wireline voice

LED

LED components

Universal Service Administrative Co.

2 SP submits update request to NLAD, which verifies change and updates subscriber record

3 NLAD notifies SP whether update was successful or unsuccessful

5 If tribal status could be changed (e.g., status update, or address change of a tribal subscriber), NLAD asks LED to complete tribal status verification process (see scenario #4)

NLAD

NLAD components

Universal Service Administrative Co.

Note: This scenario represents only minor changes to existing NLAD system

Process for calculation and disbursement of subsidy payments to Service Providers

Service Provider	Prepaid wireless	Postpaid wireless
	Broadband	Wireline voice

1 Service Providers continually update NLAD to reflect an accurate record of all claimed subscribers

2 On the 1st of the month, NLAD makes available in SP web portal a list of all subscribers served in the previous month

3 Later in the month, an authorized Service Provider officer certifies to USAC (through SP web portal) that the SP provided service in the last month to each subscriber on the NLAD list; If necessary, the SP officer or authorized SP agent submits corrections before certification

5 After payment amount is calculated, USAC Finance Team disburses payment to Service Provider

6 As necessary, reviews / corrections occur (possibly with involvement of USAC Audit Team)

NLAD Universal Service Administrative Co.

Lifeline Operations Team Universal Service Administrative Co.

USAC Finance Team Universal Service Administrative Co.

4 USAC conducts various internal operations relating to payment calculation and processing

Note: Dates are illustrative and subject to change

Receipt of subscriber information (for payment calculations) from NLAD opt-out states

NLAD opt-out states

1 By the 2nd of the month, NLAD opt-out states send "snapshot" reports to NLAD with subscriber list for all Service Providers in their state

NLAD

NLAD components

Universal Service Administrative Co.

2 NLAD processes reports from NLAD opt-out states and merges / joins them to NLAD reports used for the SP certification and payment processes

Lifeline Operations Team

Universal Service Administrative Co.

Process for Service Providers to review and submit revisions / corrections to prior payments

Service Provider	Prepaid wireless	Postpaid wireless
	Broadband	Wireline voice

1 On an ongoing basis, Service Providers review and reconcile NLAD subscriber reports, USAC disbursement reports, and their internal service / billing records

2 When necessary, Service Providers submit corrections, with justifications, through the NV; in no case will a Service Provider revise upwards[1] to claim payment for a subscriber not enrolled in NLAD during the period in question

National Verifier (NV)

NV components

Universal Service Administrative Co.

3 Lifeline Operations Team (and, if necessary, USAC Audit Team) monitors reviews / corrections to ensure compliance; Lifeline Operations Team uses corrections to calculate payments to Service Providers

Lifeline Operations Team (and, if necessary, USAC Audit Team)

Universal Service Administrative Co.

1. Service Providers can never claim payment for someone who was not on the "snapshot report" for a given month
Note: Disbursements to occur within regular payment cycles; revisions must take place within administratively mandated windows

Reporting functionality

Approved users	Service Provider	State / federal agency
	Social services program	Other approved users[1]

National Verifier (NV)

NV components

Universal Service
Administrative Co.

1 Approved user logs into web portal and requests desired report

2 NV returns desired report to approved user
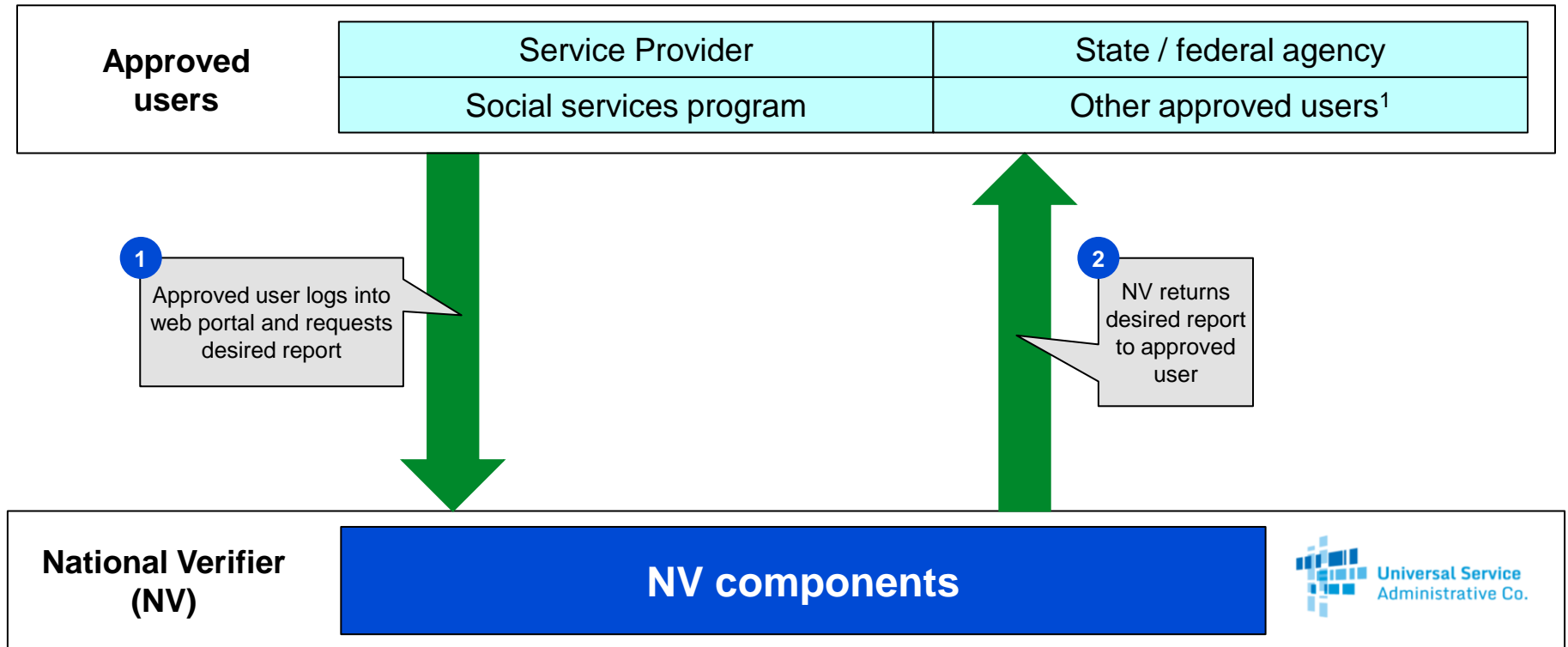
1. As designated by USAC

National Verifier system(s) failure notification process

Third parties

Service Provider	State / federal agency
Social services program	Other third parties[1]

3 USAC Lifeline teams maintain communications with relevant third parties regarding system failure, contingency plans, and path forward

Lifeline Operations / IT / Stakeholder Engagement Teams; USAC NOC

Universal Service Administrative Co.

2 Upon system failure, NV automatically notifies key USAC Lifeline teams and USAC Network Operations Center

1 As desired, third parties can access a "system status" dashboard to retrieve relevant information

National Verifier (NV)

NV components

Universal Service Administrative Co.

1. As designated by USAC

Ongoing auditing process

Consistent with current practices, USAC and the FCC will continue to conduct audits with respect to the Lifeline program.

- Audits safeguard Lifeline by ensuring and verifying the integrity of the program.

USAC will work with the FCC to update audit procedures to reflect the new requirements and National Verifier processes.

TPIV / AMS / port freeze dispute resolution

Applicant

1 After receiving a negative result on an applicable process, applicant is prompted to submit relevant documents

2 Applicant submits relevant documents to LED (mail, web portal)

5 LED informs applicant of determination through preferred means of communication

Lifeline Eligibility Database (LED)

LED components

Universal Service
Administrative Co.

3 LED queues application for manual review of documentation

4 Manual reviewer renders decision and records it in LED

Manual review process

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Eligibility / recertification dispute resolution

Applicant

1 Applicant's application (or recertification) for Lifeline is denied, due to inability to prove eligibility for Lifeline

2 Applicant mails in dispute resolution form, along with any required documents

5 LED informs applicant of final determination

Lifeline Eligibility Database (LED)

LED components

Universal Service
Administrative Co.

3 LED queues application for manual review of documentation

4 Manual reviewer renders decision and records it in LED

Manual review process

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Data usage: Executive summary

This section describes the process for gaining access to the data required for eligibility verification of consumers applying to the Lifeline program.

This process culminates in agreements between USAC and the entities who maintain benefit data that can determine if an applicant is enrolled in a qualifying program.

These data use agreements set the standard for data usage, storage, privacy, security, and liability and will impact the design of the NV.

Developing, implementing, and maintaining the data use arrangements across all 56 states and territories is complex and will require close coordination with all parties, as well as strong project management at USAC.

The National Verifier interacts with distinct data sources to answer each question in the application process

Application question		Activity to complete	Data source
1	**Does your personal information pass identity verification?**	**Check applicant PII against third party identity verification system (TPIV); conduct AMS verification**	**NLAD**
2	**Are neither you nor anyone in your household currently receiving Lifeline?**	**Check applicant PII against those already enrolled in Lifeline**	**NLAD**
3	**Are you eligible for the Lifeline program?**	**1st Step: Check applicant PII against automated data sources to determine if they are enrolled in a qualifying benefit program**	**1st Step: Federal or state data sources of qualifying programs** *Focus of this section*
4	**Are you still eligible for the Lifeline program after one year?**	**2nd Step (if necessary): Conduct manual review to determine eligibility**	**2nd Step (if necessary): Eligibility documents from qualifying programs**

USAC is actively pursuing connections to federal and state qualifying program data sources for automated eligibility verification

To obtain access to data sources, USAC has begun consultations with state and federal agencies

To satisfy the Modernization Order, USAC aims to automate eligibility verification as much as possible by developing data use agreements with state and federal agencies.

- USAC has been reaching out to discuss the National Verifier with relevant state and federal agencies who administer qualifying programs.

Agencies have provided insights to USAC about their requirements for conducting automated verification, including:

- Data use and storage stipulations;
- Data security and privacy standards; and
- Technical requirements for connecting to data sources.

USAC is in ongoing productive discussions with agencies on data use agreements.

- Several agencies have shared examples of data use agreements used with Lifeline Service Providers or other entities.

Achieving data use agreements with state and federal agencies is a complex process

Complexities for developing data use agreements include:

- Each state and federal agency has different regulations and policies, which USAC is committed to meeting.

- Detailed legal and IT requirements require several rounds of discussion to fully understand the unique needs of each entity.

- The level of technical specification requirements included in each entity's data use agreements varies widely.

- Specifics of the data available from each entity must be fully understood to design and perform matching for a yes/no eligibility result.

- Not all entities use the same technical data usage / linking method (e.g., API vs. Batch[1]).

USAC is preparing to manage this complex process

1. Flat-file sharing

USAC is working closely with state and federal agencies to manage this complex environment

Many common requirements across entities can be aligned to standardize and streamline data usage processes.

For state or federal requirements that vary, USAC will aim to observe the strictest requirement when developing the NV to ensure compliance.

Short term, narrow use agreements for data sampling or prototyping can be created to test data matching or other technical approaches.

USAC is building a cross-functional team to develop data use agreements and maintain relationships with state and federal agencies to ensure compliance with data use agreements once finalized.

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Data security / storage: Executive summary

Privacy and data security have been key considerations throughout the development of the National Verifier and its associated processes.

- USAC's Privacy and Security Teams have been, and will continue to be, key contributors and integral partners throughout the design process.
    - USAC employs a Chief Privacy Officer and a Chief Information Security Officer to ensure compliance with all privacy and security requirements and recently increased capacity in those areas.
- USAC will ensure that the National Verifier adheres to all applicable federal and state security standards, inclusive of any vendors or contractors who may work on or with the NV.

The National Verifier and its associated processes have been designed to minimize risks stemming from data storage.

- The National Verifier will collect the minimum amount of data that is required to successfully execute on its goals.
- USAC will maintain an appropriate data retention policy for all applicant / subscriber data.
    - All data retention policies will comply with USAC and FCC records schedule(s).

Data security: Design goals for the NV

✓ Work closely with USAC's Privacy and Security Teams (and, where needed, external experts) throughout the design process; going forward, we will continue to leverage them as an integral part of standing up the NV.

✓ Adhere to all state / federal requirements as outlined in any data use agreement(s) reached with data sources.

✓ Comply with all applicable federal data security and privacy laws, including working with the FCC to publish a System of Records Notice (SORN) in the Federal Register and conducting a Privacy Impact Assessment of the NV.

✓ Employ sufficient security measures to protect all data within the NV.

✓ Ensure that security policies apply to USAC and any vendors that work on the NV.

✓ Use sophisticated analytics of the transactions generated by the NV to actively prevent fraud.

✓ Minimize data storage to the extent possible in order to mitigate associated risks.

✓ Align our data retention policy to the records schedule mandated by the FCC.

✓ Secure all data retained while ensuring cost-effectiveness of data retention.

Data storage: The NV is designed to minimize data storage to the extent possible in order to limit exposure to risk

Subscriber / process information: Keep limited information (including some PII)

Information provided by applicants
- **Name (First, Last)**
- **Address**
- **Date of birth**
- **Social Security Number (last four digits)**
- Tribal status
- Self-reported qualifying program(s)
- Preferred method of communication
- Contact information (e.g., phone, email)
- Type of service (e.g., broadband, mobile)
- Submitted documents (e.g., for manual review)

Fields typically transmitted to query eligibility sources

Data generated through National Verifier processes
- Yes/no decision on eligibility from each data source queried (i.e., each program)
- Date of verification
- Application channel (e.g., mail, web portal)
- Name (or unique ID) of individual SP employee performing any transaction

Batch files: Securely delete data after creating local databases

In certain scenarios, states and/or central data sources will provide batch files of data rather than connection to a data source
- Batch files will be updated at regular intervals
- To the extent possible, we will arrange to receive batch files that contain no excess information

After we build a queriable database, we will securely delete the original batch file
- Deletion procedures will comply with applicable federal and state standards and with any provisions in data use agreements

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Tech systems / tools: Executive summary

A critical piece of the Modernization Order is the creation of IT systems and software to centralize Lifeline eligibility determination and simplify the experience for users.

In this section, we outline the first steps towards creation of the National Verifier IT solution, including:
- Approach to outsource the LED build, given strict deadlines and broad capabilities required; and
- Initial vendor management planning to ensure success of the National Verifier build / rollout.

We developed and released an RFP for a systems integrator to build the NV solution, and expect to complete selection and contract negotiation with the SI by the end of 2016 with the build to begin in early January.
- In Q1 2017, we will launch an additional RFP for a BPO vendor who will establish processes for manual review, integrated with the full LED solution.

As we develop the UI / UX of the National Verifier, we will get input (including testing) from stakeholders to ensure that the NV meets user needs.

In addition, we have identified multiple tools that will help facilitate both the IT systems and overall management of the National Verifier build and roll-out.

Per the FCC Modernization Order, IT systems are being created to centralize / streamline eligibility determinations

Eligibility

Enrollment

Federal / State data sources

Lifeline Eligibility Database (LED)

- One eligibility engine with many functions:
  - Query qualifying program data sources to determine eligibility;
  - Store yes/no eligibility results; and
  - Queue applications to BPO for manual review when necessary[1]
- Portals for eligibility verification (e.g., consumer web portal, batch uploads)

National Lifeline Accountability Database (NLAD)

- Database of all enrolled Lifeline subscribers for calculating payments to SPs;
- Services to check duplicate subscribers / addresses and verify identity; and
- Portal for subscriber updates

New build required

Updates required

On the back end, LED and NLAD will be tightly integrated as part of the single National Verifier solution to ensure a streamlined experience

1. For example, income verification or when applicant not found automatically in federal / state data sources

The plan to build the NV covers two major elements: vendor selection and initial vendor management planning

Vendor selection

USAC will select a single systems integrator (SI) to work with USAC on the NV build.
- The SI will provide a single point of accountability for the technical solution.

Functional requirements were outlined in an RFP, and vendor selection is ongoing.
- RFP / contract contains incentive structures and contract protections to mitigate risks, especially to ensure on-time delivery.
- Vendor selection is expected by early / mid December; vendor to start work early January.

Procurement of an additional vendor for BPO needs (e.g., call center, manual review workflows) is planned for early 2017.

Initial vendor management planning

We plan to establish a cross-functional Steering Committee to govern project
- Members include Lifeline leadership, USAC IT, USAC Procurement, and FCC staff.

The vendor management plan will include regular check-ins and product demos with the SI vendor to manage project success.
- Sprint reviews of code every 2-3 weeks;
- Monthly check-ins to understand project status and identify any challenges; and
- Regular reviews / evaluations of product and progress at each milestone.

FCC staff have been, and will continue to be, involved at every step of the procurement process

USAC has outlined specific tool requirements for implementing the National Verifier

Tool category	Functional need
Process management	• Comprehensive program management and KPI tracking across all aspects of the National Verifier, for senior leadership visibility and course correction • Agile IT development project management and issue tracking / code review
IT infrastructure	• Cloud platform for scalable transaction and document handling
Core IT software	• Underlying software application (middleware) to interface data sources and implement workflows • Identity authentication, API access, and user account management • Ticketing disputes, errors, output to BPO, etc.
Code quality / vendor mgmt	• Assessment of code quality and system-level architecture for SI vendor management, including for award fee determination
Consumer service	• Ticketing manual reviews, disputes, consumer interactions / calls, etc. • Efficient document intake for review / digital storage • Automated call-in options (e.g., for recertification)

Specific tool recommendations will be determined in collaboration with vendors during NV development

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Org structure / staffing: Executive summary

In preparation for the launch of the National Verifier, USAC is expanding internal capacity and leveraging support from outside vendors.

On an enterprise-wide basis, USAC is adding capacity to support NV.

Additionally, we are conducting an RFP process to select quality vendors for the LED system build and for other outsourced operations.

- Systems integrator to build LED system with project management oversight from Lifeline team; and
- BPO to handle consumer support call center and manual processes.

The Lifeline org structure needs to transform in order to support changing goals during each phase

	Development	Transition	Steady State
Sep 2016	Dec 2017	Dec 2018	Dec 2019

Development and Transition

Steady state

Goals

Build and launch a functional NV with all states enrolled by December 2019
- Meet deadlines outlined in FCC Modernization Order; and
- Manage transition to new system.

Sustain a reliable NV for all 56 states and territories
- Increase long-term efficacy and cost-effectiveness of Lifeline; and
- Gradually introduce next-gen functionality.

Enablers

- Fast-decision making;
- Flexibility;
- Leveraging external resources; and
- Team collaboration.

- Clear governance and accountability;
- Development of internal expertise; and
- Specialization.

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USAC teams are building capacity to develop, launch, and maintain the National Verifier

	Team	New capabilities stood up through all phases
Lifeline	**Solutions delivery and project management**	• Standing up new team for developing long-term strategy and tracking KPIs as Lifeline adapts to the shifting needs of its subscribers and stakeholders; • Hiring flexible FTEs to provide needed capacity as Lifeline team surges in the development and transition phase; and • Building project plan and refining timeline for tracking milestones across Lifeline teams.
	Program integrity	• Refining review and analytic procedures to detect waste, fraud, and abuse associated with eligibility verification processes
	Operations	• Conducting thorough RFP bidding process to optimize for vendor quality and risk mitigation; and • Standing up strong vendor management structure to manage systems integrator and BPO.
	Stakeholder engagement	• Expanding team to ensure proactive state / federal, SP, and consumer group outreach; and • Increasing capacity to cultivate strong relationships with states and federal agencies.
USAC enterprise level	**Information technology**	• Including IT members on vendor mgmt. for IT knowledge transfer between SI and Lifeline; and • Providing technical expertise and insight to the vendor management team.
	Privacy and Security	• Enhanced capacity in Privacy and Security teams (e.g., dedicated Chief Privacy Officer and Chief Information Security Officer to ensure compliance with all privacy / security requirements)
	General counsel	• Adding addl. capacity to review data use agreements from state and federal agencies; and • Meeting increased data use agreement compliance needs.
	Stakeholder engagement	• Providing expert user interface and user experience methodologies to support stakeholder engagement with consumers and SPs

Note: Lists of teams are not exhaustive; additional efforts may be required to support NV from Lifeline or USAC enterprise teams

Lifeline is also procuring third-party support to ensure smooth NV launch and operations

	Capabilities	**Lifeline Vendor Management Plan**
Systems Integrator	**Development of an integrated eligibility engine to:** • Process applications; • Conduct automated eligibility verification; and • Queue applications for manual review when necessary. **Development of user-friendly application portals**	• Conduct a thorough RFP bidding process to optimize for vendor quality and risk mitigation (in progress); • Stand up vendor management structure to project manage build; • Stand up governance structure to facilitate decision making; • Proactively track KPIs and project milestones during system build; and • Ensure regular knowledge transfer from vendor to internal Lifeline teams.
BPO	**Manual processes and consumer call center to:** • Conduct manual eligibility reviews when automatic checks fail; • Receive and process mail-in applications and IVR recertifications; and • Support communication methods (e.g., mail recert. notices). **General consumer support, including for all dispute resolutions**	• Conduct a thorough RFP bidding process to optimize for BPO quality and risk mitigation; • Stand up a vendor management team for surveillance over BPO processes; • Stand up vendor governance structure to facilitate decision making; and • Proactively track KPIs for performance management across BPO processes.

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Business case: Executive summary

The National Verifier aims to increase program integrity and reduce cost and complexity through more automated enrollment, recertification, and reimbursement processing.

- Strong program integrity: Eligibility verification now conducted by the NV reduces the potential for waste, fraud, and abuse.
- Reduced complexity: More automated and streamlined processes reduce time and effort required.
- Lower cost: SP costs are reduced as they no longer conduct eligibility verification; state costs may also be reduced for eligibility verification based on partnership with the NV.

We have estimated costs associated with the National Verifier, a significant green-field development, and will continue to refine the assumptions.

- We have estimated the budget to run NV is approximately $50M by steady state in 2020.
- We expect that the largest portion of this budget, approximately $30M, will be spent on direct verification costs annually.
  - This is half of the estimated $50-70M that Service Providers currently spend on direct verification costs annually.

The NV costs are also expected to be significantly less than the amount saved from reducing waste, fraud, and abuse.

Recall: The National Verifier is designed to deliver on three main goals

1 Stronger Program Integrity

- Independent eligibility verification, with more automatic checks, conducted directly by USAC to reduce waste, fraud, and abuse

- Single eligibility system to audit and report on potential fraud metrics

- Streamlined, consistent processes to distinguish mistakes from waste, fraud, and abuse

2 Reduced Complexity

- Streamlined access to eligibility information for Service Providers

- States relieved of maintaining data use agreements and interfaces with multiple SPs

- More automatic checks of data sources to determine eligibility

- Central source of program information and support for consumers

3 Lower Cost

- SPs relieved of eligibility verification burden

- Lower cost to aggregated system due to more streamlined processes:
  - More automated verification to reduce costly manual reviews; and
  - More automated recertification to reduce costly outreach

The NV will be designed to reduce the opportunity for waste, fraud, and abuse in the Lifeline program

A lot has been learned from administering the Lifeline program to date, including ramping down from landline to wireless voice service, and through the implementation of duplicate checking procedures.

The FCC created the National Verifier in recognition of the challenges in the current model and the opportunities to better address areas of risk in the program.

USAC and the FCC are continuing to improve the integrity of the Lifeline program by shifting eligibility verification from Service Providers to USAC.

The National Verifier will be the neutral, third-party determiner of applicant eligibility.

The NV will make several major changes to strengthen program integrity, including:
- Service Providers will no longer perform manual document reviews for failed identity checks or failed duplicate address checks.
- Service Providers will no longer perform dispute resolution.
- Service Providers will be reimbursed exclusively based on the list of claimed subscribers in NLAD and not through a separate claim (Form 497).
- The National Verifier will develop consistent forms and processes for subscriber certification.

The NV will also be designed to reduce process complexity for consumers, states, and Service Providers

Stakeholder	Current Processes	Future Process Improvements due to NV
Consumers	Application and submitting documentation	Consistent experience regardless of Service Provider and fewer documents to submit
	Primarily manual self-certification	Primarily automated recertification
	Various Service Provider and state specific forms	Standardized forms
States	Signing data use agreements with Service Providers	Data use agreement only with USAC
Service Providers	Managing varied eligibility processes and databases across the states	Interact only with the NV
	Application intake	Limited application processing
	Eligibility verification	NV conducts eligibility verification
	Recertification outreach and submission of Form 555	Limited recertification outreach
	Submitting Form 497	Reimbursement directly linked to NLAD

The National Verifier requires a significant investment to protect program integrity for Lifeline

The National Verifier is a green field development of significant scale.
- USAC is standing up an integrated operation that is currently disaggregated across 1200+ SPs.

USAC will need to develop a sophisticated tech solution for eligibility verification.
- LED and NLAD will become an integrated system that links eligibility verification, enrollment, and payment processes, which are currently separate systems and processes.
- LED will interface with several federal and state data sources with various eligibility response methods to automate verification as much as possible; interfaces will be built over the next three years and updated on an ongoing basis.
- NV will be designed to meet best practices for data privacy and security.
- USAC is procuring an expert systems integrator vendor to build, test, and launch this solution.

USAC will also need a full service vendor to conduct millions of manual reviews where needed and to provide end-to-end consumer support.

USAC will be processing approximately 15M applications and conducting recertification for 13M[1] subscribers annually.

This will require standing up an enterprise wide, cross functional team with new capabilities required to manage this large scale operation.

1.Currently, USAC only conducts annual recertification for 300K subscribers

There are several components critical to the successful operation of the National Verifier to meet program goals

Components of a successful National Verifier

Verification
- Fast application processing for all new applicants;
- Near real-time automated eligibility verification;
- If automated verification is not possible, manual reviews; and
- Effective annual recertification outreach for the existing 13M subscribers

Functions disaggregated across 1,200+ SPs

Consumer support
- Responsive, full-service consumer support call center and web channels

Tech systems / tools
- New integrated LED / NLAD system interfacing with federal / state data sources;
  - Enables identity, duplicate, and automated eligibility verification
- Streamlined interfaces / application channels for consumers and SPs;
- Accurate reimbursement processing based on NLAD; and
- Flexible reporting functionality for all stakeholders

Human capital
- Additional USAC-wide resources required to support NV; and
- Expert vendors hired to augment internal resources

The NV will provide complete eligibility verification services, assuming costs currently incurred by 1,200+ SPs

Total annual budget to run NV estimated at approximately $40-55M by steady state in 2020

Preliminary: *Model based on best assumptions available at this time: to be refined as data become available*

Budget Estimate for the National Verifier[1] – Steady state in 2020

Assumptions for steady state:
- All 56 states / territories have launched NV;
- All available federal / state data sources are integrated; and
  - Large majority of eligibility verifications are automated
- Approximately 15M applicants and 13M subscribers (similar to today).

Verification: • Application processing; • Eligibility verification (automated / manual); and • Recertification outreach.	~ $25-30M
Consumer support	~ $10-15M
Tech systems / tools: • LED / NLAD ops & maint (including IT FTEs); and • Hardware / software license costs.	~ $4-6M
Human capital: • Lifeline FTEs; • USAC FTEs; and • Outside FTEs.	~ $3-5M
Grand total ($)	**~$40-$55M**

See comparison to current costs incurred by SPs on next slide

Costs will grow from now until 2020 as more states launch NV

USAC is currently in the process of procuring a systems integrator for the NV build; USAC will include one-time build costs in final NV plan

1. Budget based on current volumes; cost estimates based on interviews with Service Providers and state administrators

Deep dive: NV direct verification costs are expected to be half of direct verification costs currently incurred by SPs

Efficiencies gained by the National Verifier

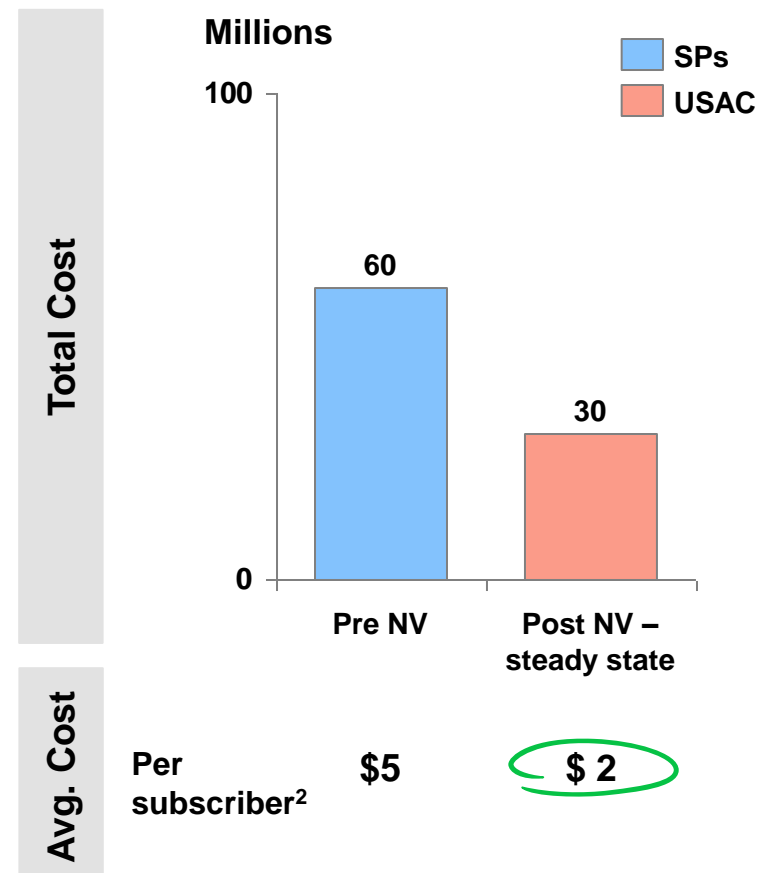**Increased automated verification for enrollment**
- Automated API link to federal and state data sources where possible; and
- Costly manual verification only if applicant is not found in a data source.

Automated verification and notification for recertification
- Costly outreach (e.g., mail and reminder calls / texts) only if subscriber is not found in a data source.

Larger volumes enable efficiencies of scale and drive down costs.

Estimated direct verification cost savings[1]

Total Cost

Millions

| | SPs |
| | USAC |

100

60 — Pre NV (SPs)

30 — Post NV – steady state (USAC)

0

Avg. Cost

| Per subscriber[2] | $5 | $ 2 |

1. Only includes enrollment and recertification costs for automated and manual verification; does not include consumer support, tech systems, or human capital costs.
2. Assumes current 13M subscribers both pre-NV and post-NV.
Note: In some states, third parties administer eligibility verification and incur costs

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KPIs / Metrics: Executive summary

Establishing the right KPIs / metrics is critical to monitoring the success of this effort.

KPIs must measure the success of the National Verifier based on goals outlined in the Modernization Order:
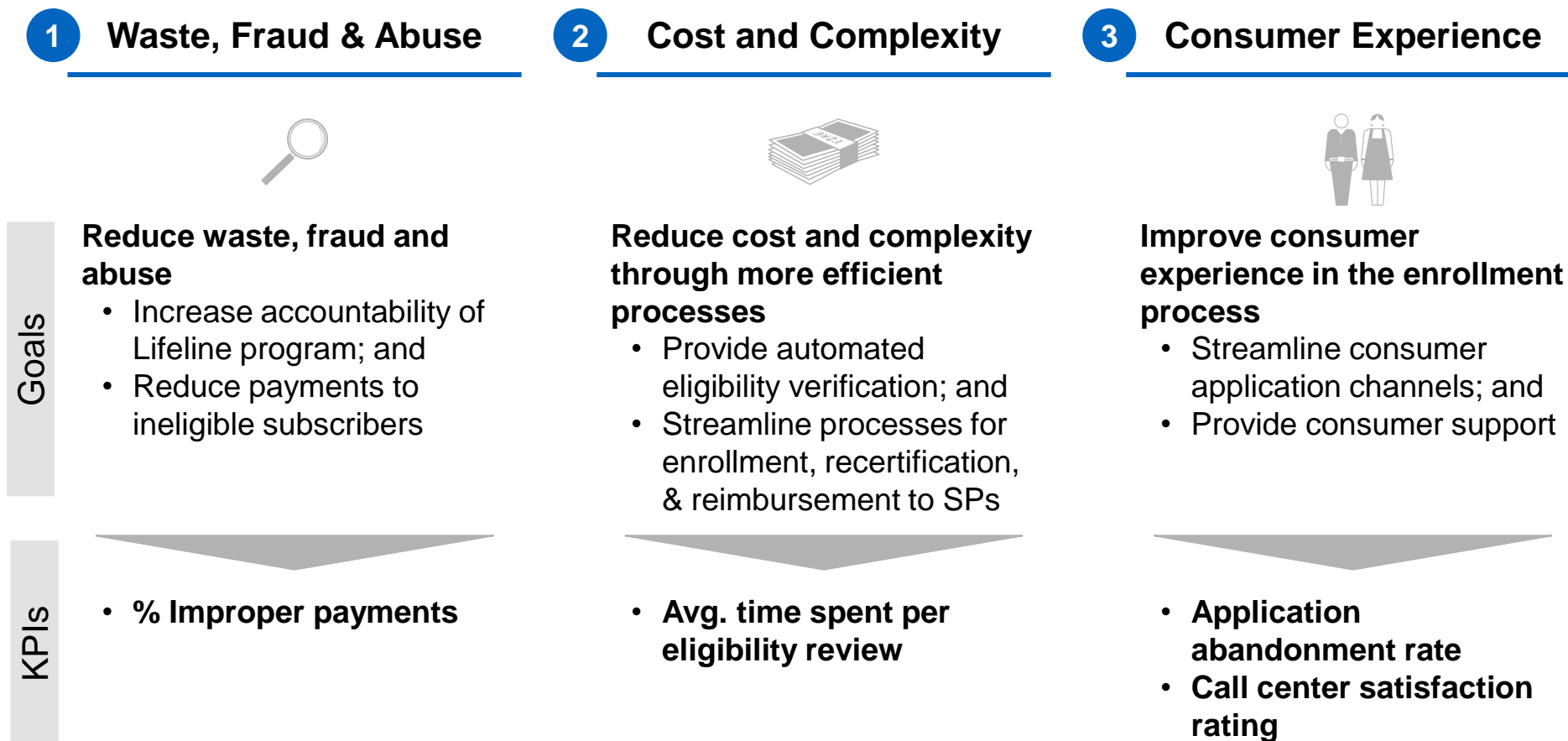
- Reducing waste, fraud, and abuse;
- Reducing cost and complexity; and
- Improving consumer experience.

Thus far, we have identified four primary key performance indicators (KPIs) to be tracked by the Lifeline team on a regular basis:

- Primary KPIs will be reviewed by USAC leadership and facilitate data-driven executive decision making.
- These KPIs complement broader Lifeline metrics that are tracked on a regular basis.
- The KPIs we track will evolve over time as we continue the rollout of the National Verifier.

We will also monitor additional general program metrics (e.g., transaction volume, recertification percentage) to identify anomalies and outliers.

Four KPIs identified to date to measure the success of the National Verifier based on goals in the Modernization Order

1 Waste, Fraud & Abuse	**2** Cost and Complexity	**3** Consumer Experience

Goals

Reduce waste, fraud and abuse
- Increase accountability of Lifeline program; and
- Reduce payments to ineligible subscribers

Reduce cost and complexity through more efficient processes
- Provide automated eligibility verification; and
- Streamline processes for enrollment, recertification, & reimbursement to SPs

Improve consumer experience in the enrollment process
- Streamline consumer application channels; and
- Provide consumer support

KPIs

- **% Improper payments**

- **Avg. time spent per eligibility review**

- **Application abandonment rate**
- **Call center satisfaction rating**

Leadership to review KPIs on a regular basis – will use dashboards to facilitate ongoing tracking

We will also use data analytics to track for anomalies and outliers across a number of general program metrics

Trends monitored for waste, fraud, and abuse:

- Enrollment activity (e.g., access patterns / query volumes across different user types)

- Recertification rates across segments (e.g., self-recertification rates, % automated vs. manual recertification)

- Audit findings analysis (e.g., number and type of common findings from audits)

Metrics monitored for consumer experience:

- Verification success rates (compared across different user types)

- Call center metrics (e.g., call volumes, complaint type)

We will continue evaluating opportunities to conduct new analytics to strengthen program integrity

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Risk management: Executive summary

Strong risk management is vital to the success of the National Verifier.

To date, we have identified six initial challenges that could impact the successful launch, build, and operation of the National Verifier.
- We have identified relevant risks that could affect both the development / transition and steady state phases.
- Risk register will be continually updated as NV is operationalized.

We identified mitigation strategies to proactively address each risk.
- As we operationalize the National Verifier in 2017, we will assign an owner to each risk in order to ensure that mitigation strategies are updated and carried out effectively.

Six key risks identified for the National Verifier

1. **Operations capacity management**

2. **Systems integrator delivery**

3. **Emergency preparedness**

4. **Data breach preparedness**

5. **Availability of automated eligibility verification**

6. **Data source connections**

Risks and mitigation strategies (1/2)

	Risk	Description	High-level mitigation strategy	Dev / Trans[1]	Steady State[2]
1	**Operations capacity management**	• There is inadequate operational capacity to effectively manage new processes and high volumes of eligibility verifications.	• Leverage experience / capacity of broader USAC staff (e.g., applying lessons learned from prior experiences, flex capacity as required). • Use flexible BPO staffing model to scale capacity for manual reviews as necessary.	✓	✓
2	**Systems integrator delivery**	• The systems integrator does not build LED solution that adequately meets standards.	• Design SI contract terms to incentivize performance and hold vendor accountable to deadlines. • Conduct a thorough RFP / procurement process to optimize for vendor quality. • Stand up strong vendor management structure to manage project build.	✓	
3	**Emergency Preparedness**	• A natural or man-made disaster occurs and hinders USAC or vendor operations.	• Contract with an outside vendor with relevant subject matter expertise to develop thorough disaster preparedness and recovery plan. • Develop and document periodic testing strategy and maintain proactive communication with vendors to ensure compliance .	✓	✓

Risks and mitigation strategies (2/2)

	Risk	Description	High-level mitigation strategy	Dev / Trans[1]	Steady State[2]
4	**Data breach preparedness**	• A data breach occurs that exposes consumer data.	• Design all NV systems in compliance with federal data security and privacy laws and obligations under data use agreements. • Frequently review, test, and update data breach and security measures and communicate plan with appropriate stakeholders. • Chief Information Security Officer and Chief Privacy Officer will incorporate best practices for privacy and security.	✓	✓
5	**Availability of automated eligibility verification**	• Data sources that can be used for automated eligibility are not available to USAC.	• Design efficient manual review processes to use when automated sources not available .	✓	✓
6	**Data source connections**	• Established state or federal data source connections fail.	• Explore backup sources for automated eligibility verification. • Use flexible BPO staffing model to scale capacity for manual reviews as necessary.	✓	✓

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Slide numbers

Transition management: Executive summary

This section outlines the main actions required to successfully build and launch the National Verifier in all 56 states and territories by the end of 2019.
- Actions are divided into five core modules critical to successful development and transition.

We first established a robust governance structure.
- Senior FCC staff and USAC Executive Committee oversee the five main modules.
- Each module will be owned by senior officials at USAC.

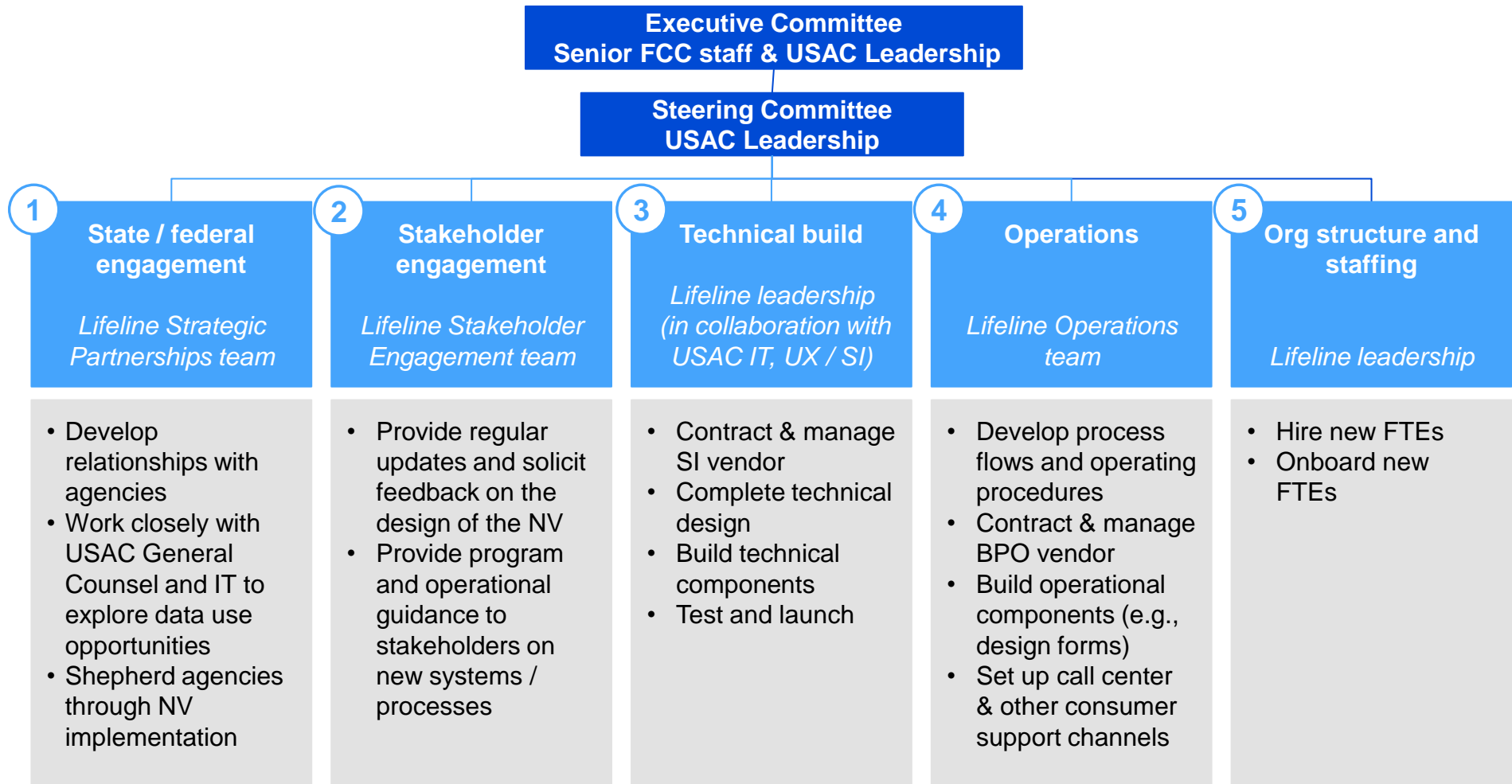**This governance structure will be supported by detailed project management roadmaps, dashboards, and toolkits for each module.**
- These project management tools will help track progress and flag and resolve issues.

USAC is following an iterative, consultative process to build a pipeline of states to launch the National Verifier.
- We will have multiple waves each year so states can launch NV when they are ready.

Recall: USAC has a robust governance structure to successfully build and launch NV

Executive Committee
Senior FCC staff & USAC Leadership

Steering Committee
USAC Leadership

1 State / federal engagement *Lifeline Strategic Partnerships team*	**2** Stakeholder engagement *Lifeline Stakeholder Engagement team*	**3** Technical build *Lifeline leadership (in collaboration with USAC IT, UX / SI)*	**4** Operations *Lifeline Operations team*	**5** Org structure and staffing *Lifeline leadership*
• Develop relationships with agencies • Work closely with USAC General Counsel and IT to explore data use opportunities • Shepherd agencies through NV implementation	• Provide regular updates and solicit feedback on the design of the NV • Provide program and operational guidance to stakeholders on new systems / processes	• Contract & manage SI vendor • Complete technical design • Build technical components • Test and launch	• Develop process flows and operating procedures • Contract & manage BPO vendor • Build operational components (e.g., design forms) • Set up call center & other consumer support channels	• Hire new FTEs • Onboard new FTEs

USAC will develop a project management plan for each of these 5 modules

USAC will use three main project management tools to track NV progress and to flag and resolve issues

1

Roadmaps

Provides detailed timeline for each module
- Major milestones
- Main activities

Tracks deadlines for NV launch
- Soft and hard launch for each wave

More information on next slides

2

Dashboards

Provides summary of progress against milestones
- Detailed view for each module
  – Action item, owner, deadline, and status
- Aggregated view across modules to provide summary to Steering and Executive Committees
  – Highlights key risks and mitigation strategies

3

Toolkits

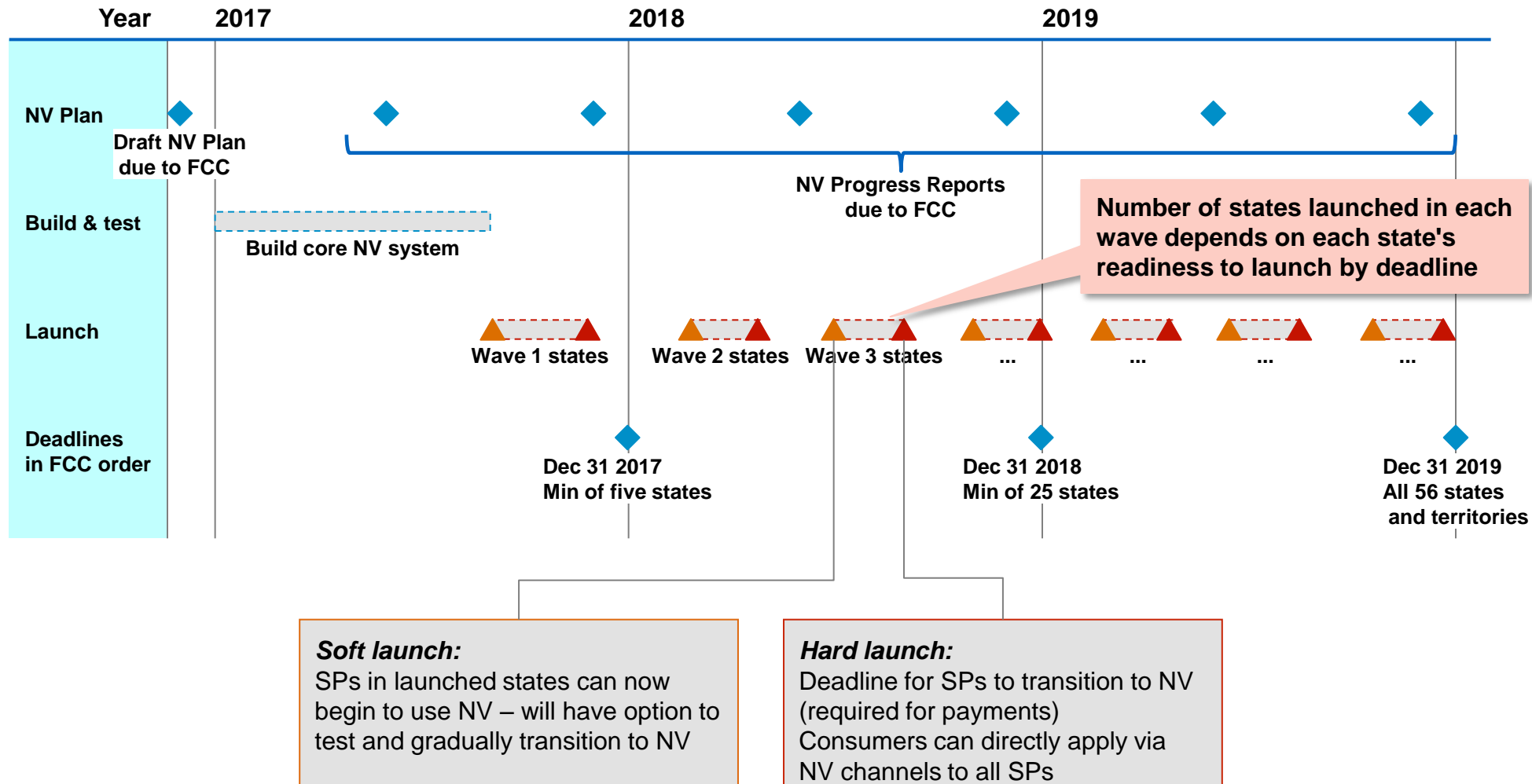**Provides a to-do list of main action items each stakeholder needs to complete to launch NV**
- Only applies to modules affecting:
  – States
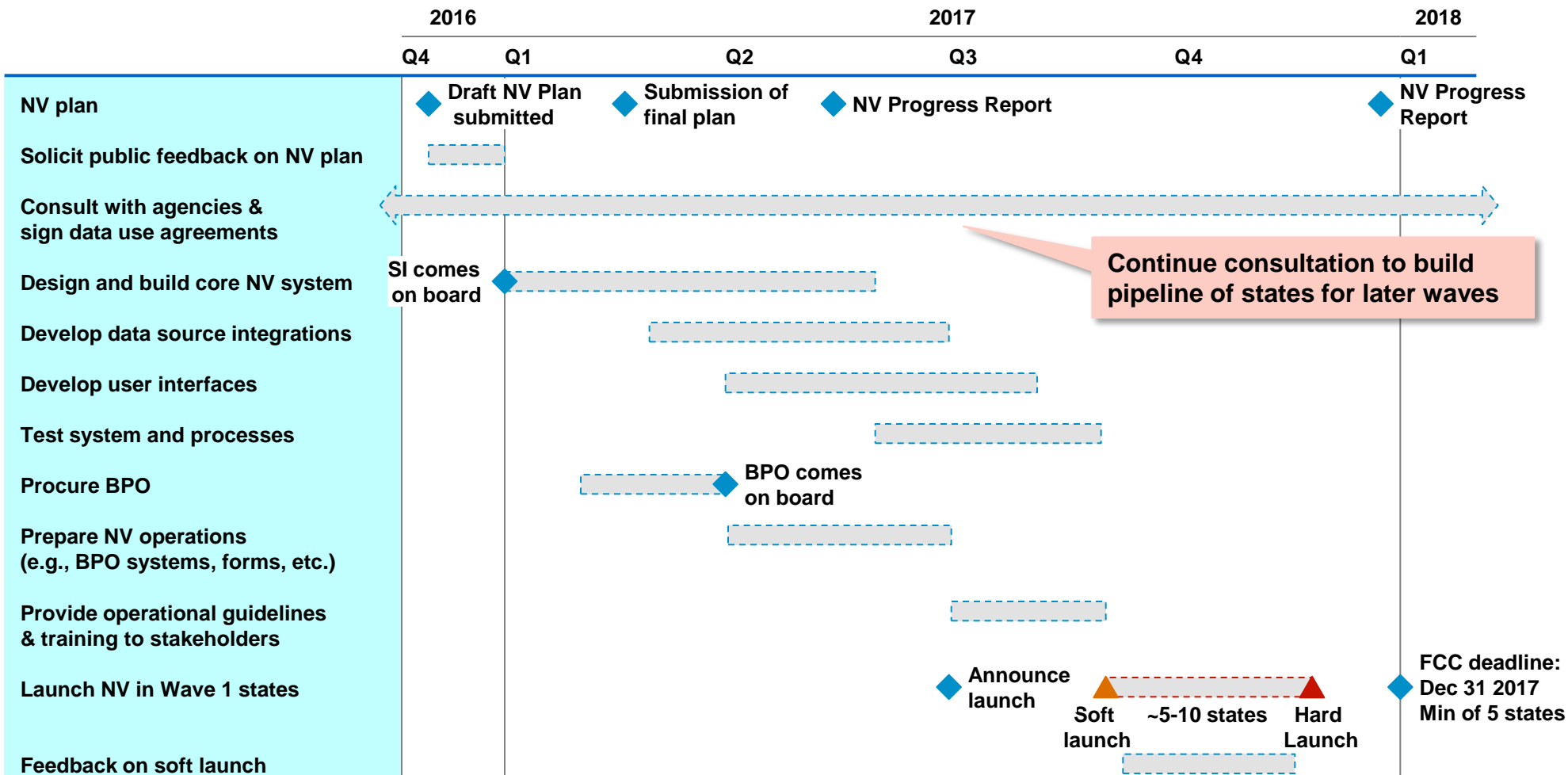 – Federal agencies
  – Service Providers

Program roadmap: Propose multi-wave launch approach
States launch NV when ready with window for SPs to transition

Launches will be announced by FCC Public Notice well in advance

| Year | 2017 | 2018 | 2019 |

NV Plan

Draft NV Plan
due to FCC

NV Progress Reports
due to FCC

Number of states launched in each
wave depends on each state's
readiness to launch by deadline

Build & test

Build core NV system

Launch

Wave 1 states   Wave 2 states   Wave 3 states   ...   .

**Deadlines
in FCC order**

Dec 31 2017
Min of five states

Dec 31 2018
Min of 25 states

Dec 31 2019
All 56 states
and territories

Soft launch:
SPs in launched states can now
begin to use NV – will have option to
test and gradually transition to NV

Hard launch:
Deadline for SPs to transition to NV
(required for payments)
Consumers can directly apply via
NV channels to all SPs

Deep dive on 2017 roadmap: Initial focus on building the core NV system for the first wave

	2016		2017			2018
	Q4	Q1	Q2	Q3	Q4	Q1

NV plan — ◆ Draft NV Plan submitted   ◆ Submission of final plan   ◆ NV Progress Report   ◆ NV Progress Report

Solicit public feedback on NV plan

Consult with agencies & sign data use agreements

Design and build core NV system — SI comes on board

Develop data source integrations

Develop user interfaces

Test system and processes

Procure BPO — BPO comes on board

Prepare NV operations (e.g., BPO systems, forms, etc.)

Provide operational guidelines & training to stakeholders

Launch NV in Wave 1 states — ◆ Announce launch   Soft launch   ~5-10 states   Hard Launch   ◆ FCC deadline: Dec 31 2017 Min of 5 states

Feedback on soft launch

Continue consultation to build pipeline of states for later waves

95

Next steps

Thank you for reviewing the Draft National Verifier Plan.

Please submit any comments at: **http://www.usac.org/li/tools/national-verifier/default.aspx**. Feedback on the National Verifier is always welcome but only comments submitted between December 5, 2016 – December 30, 2016 can be incorporated in the Final National Verifier Plan.

USAC encourages use of the comments feature, however, you can also share feedback by email, sending comments to **LifelineProgram@USAC.org**. Please use the subject line: National Verifier Feedback.

Appendix: Glossary of terms

Glossary (1/3)

Term	Definition	Explanation
Aggregation project	Aggregation project	A group of eligible households, which individually opt into the group, that negotiates as a single entity with SPs for Lifeline service; the group is often administered by a community-based organization (e.g., a housing association).
AMS	Address Management System	A service provided by the U.S. Post Office that allows subscribers to verify the existence of an address, and to standardize it into proper format.
API	Application Programming Interface	A code that allows two software programs to interact with one another. The API defines the correct methods by which a developer can write a program that requests services from another application.
BPO	Business Process Outsourcing	The process of contracting non-primary business activities to a third-party vendor (e.g., consumer support / service, manual review support).
Data use agreement	Data use agreement	A formal agreement between two parties to establish protocols and standards that govern the handling (including storage) of any data transferred between the parties.
FCC	Federal Communications Commission	An independent agency of the United States Federal Government charged with regulating interstate and international communications by radio, television, wire, satellite and cable in all US states and territories.
Form 497	Form filled out by Lifeline SPs to claim Lifeline subsidies	Form for Service Providers that have provided eligible consumers with Lifeline Program-supported service to receive reimbursement for providing service at discounted rates.
FTE	Full-time equivalent	A unit that indicates an amount of workload that requires the capacity of a single full time employee.

Glossary (2/3)

Term	Definition	Explanation
IEH	Independent Economic Household	A unit that may only receive one Lifeline benefit (commonly known as the one-per-household rule); also refers to a form that certain consumers must submit in order to certify that no more than one Lifeline benefit is received per household.
KPI	Key Performance Indicator	A business metric used to evaluate performance with respect to factors crucial to the success of the National Verifier.
LED	Lifeline Eligibility Database	System to check whether a consumer is eligible for Lifeline based on income or enrollment in qualifying assistance programs.
NARUC	National Association of Regulatory Utility Commissioners	National association representing state public service (utility) commissioners.
NASUCA	National Association of Utility Consumer Advocates	Nonprofit organization with members from 40 states + DC, representing consumer / ratepayer interests on issues related to public utilities.
NLAD	National Lifeline Accountability Database	Existent system to allow SPs to check on a real time, nationwide basis whether a consumer is already receiving a Lifeline Program-supported service, and to maintain records of Lifeline subscribers.
NV	National Verifier	A system to conduct eligibility determinations and other functions necessary to enroll eligible subscribers into Lifeline.
PII	Personally identifiable information	Information that can be used, either by itself or in conjunction with other information, to identify, contact, or locate an individual person.
RFP	Request for Proposal	A document issued by an organization that desires to procure services or commodities; the document typically outlines the services or commodities desired and initiates the formal procurement process.

Glossary (3/3)

Term	Definition	Explanation
SI	Systems integrator	A company that specializes in integrating multiple component subsystems or parts into a single system.
SLA	Service-level agreement	An official commitment between a vendor and a customer that defines the standard to which the service will be performed (e.g., maximum time to complete a process, minimum percentage uptime).
SORN	System of Records Notice	A notice in the Federal Register serving as public notification that a U.S. federal government system collecting PII was created or revised.
SP	Service Provider	A telecommunications company that providers service (i.e., wireline voice, wireless voice, wireline broadband, wireless broadband) to consumers.
States	States, territories, and tribal lands	50 U.S. states + DC, Puerto Rico, Guam, U.S. Virgin Islands, Northern Mariana Islands, American Samoa, and tribal lands.
TPIV	Third party identity verification	A service that verifies the existence of a person who corresponds to the PII submitted by an applicant by using public and private records (e.g., birth certificates, real estate ownership, credit history).
UI/UX	User Interface / User Experience	The components of a system that humans interact with, as well as the actual experience of an end user's interaction with the system.
USAC	The Universal Service Administrative Company	A non-profit corporation designated by the Federal Communications Commission (FCC) as the permanent administrator of the Universal Service Fund (USF), which includes the Lifeline program.
USF	Universal Service Fund	A fund, established by the Telecommunications Act of 1996, whose goal is to ensure that every American has access to vital telecommunications services; the Lifeline program is a component of the USF.