

White Paper

## Returned Mail in the Government

Identity Matters in Government Mail Operations:  
How much could you save by decreasing volumes of returned mail?

## The Impact of Identity Issues on Government Mail Operations

In today's environment, government agencies face challenges around streamlining operations. One easy-to-overlook method for achieving cost savings is by reducing spending on returned mail. This not only ensures that agencies' time and resources are used wisely; it also makes good economic sense, especially in these times of fiscal restraint and budget reductions.

Why does government mail become undeliverable? The primary reason lies in the quality of government contact data: people's identities evolve over time, but government data does not. Each year, 35 million Americans move to a different address<sup>1</sup>, more than five million homes are sold<sup>2</sup>, and three million women<sup>3</sup> change their names. All told, this adds up to 12 percent of the total U.S. population undergoing a significant change in their identity information every single year. Unfortunately, government data is not updated as frequently. What do these changes mean for government agencies?

There are three primary reasons, or habits, people have that contribute to this compounding problem of outdated identity data. These habits are defined by peoples' inherent preferences to be messy, lie and evolve.

Whenever individuals apply for licenses or file an income tax return, there will be some small percentage of error, or messiness, contained within the identity elements on either form for a variety of reasons. Most commonly these errors arise from typos or illegible handwriting on both written and electronic documents. A second causal factor in these errors is the advancement of our society into a digital age, where some people's habits are to conduct transactions on-line, or through other electronic medium. For example, an individual may have moved within the state and did not update their address on the income tax return because the taxpayer has requested their tax refund to be electronically deposited. Since the taxpayer has not switched bank accounts, they may decide to not update their address because they will not be receiving a paper check to their address. In other words, people are messy when it comes to managing their identity information, especially when dealing with governments.

A third factor that causes these errors is that a certain number of individuals succumb to certain pressures and purposefully provide false information to qualify for a license. For example, an individual may create false identity to cover up "Driving under the Influence" or other offenses in their past that may prevent employment. In some other scenarios, people may be attempting to avoid a tax refund offset program to continue to avoid not paying their debts, such as taxes, child support, or overpayments they may have received.

Identity issues have a strong impact on government mail operations. Each agency sends many letters to the U.S. public concerning entitlements, notices, and other information. Agencies often focus on, "Is the address correct?" However, individuals often move without notifying agencies of their new address and without using the post office to forward their mail. A more comprehensive approach that keeps pace with these population trends and the evolution of identity data can more efficiently eliminate returned mail issues.

By leveraging the power of external databases to maintain current and accurate identity data, government agencies can improve address accuracy before mail is sent – helping them to:

- Save money by reducing the amount of mail that is returned as undeliverable.
- Reduce the risk of inadvertently sending correspondence with Personally Identifiable Information (PII), such as Social Security numbers (SSN), to the wrong individual.
- Minimize possible opportunities for fraud, waste, and abuse.
- Get the mail to the intended recipient.

<sup>1</sup> Alison Fields and Robert Kominski, America: a nation on the move, U.S. Census Bureau, December 10, 2012.

<sup>2</sup> Nick Timiraos, Housing recovery gained pace in 2012, The Wall Street Journal, January 22, 2013

<sup>3</sup> Linda Lowen, Keeping your maiden name after marriage, About.com

## Overview of LexisNexis Capabilities

LexisNexis is uniquely capable of assisting government agencies in this endeavor. As the leading provider of public records information, we have more than 40 years of experience in leveraging big data and analytics to solve complex challenges around identity and risk management.

LexisNexis aggregates and links billions of records from thousands of disparate sources to form a more comprehensive identity picture of an entity. This patented linking technology enables LexisNexis to deliver a single, consolidated view into a person's current location – **streamlining the process of pinpointing and contacting even the most hard-to-find individuals**. Our solutions are known across the government for providing precise insight into identities and monitoring for crucial updates to their public record identity footprint. We accomplish this with industry-leading capabilities in identity resolution; extracting, transforming, and loading (ETL) data; and the disambiguation of personal information.

## LexisNexis Solutions for Returned Mail

LexisNexis can leverage the breadth and depth of our dynamic identity data and linking technology to help ensure that government agencies have the most up-to-date address information available for the individuals they serve. While LexisNexis solutions are relatively simple, the implications can be quite large – both from a return on investment (ROI) perspective and in the potential fraud, waste, and abuse that can be committed by inadvertently delivering entitlements to undeserving individuals.

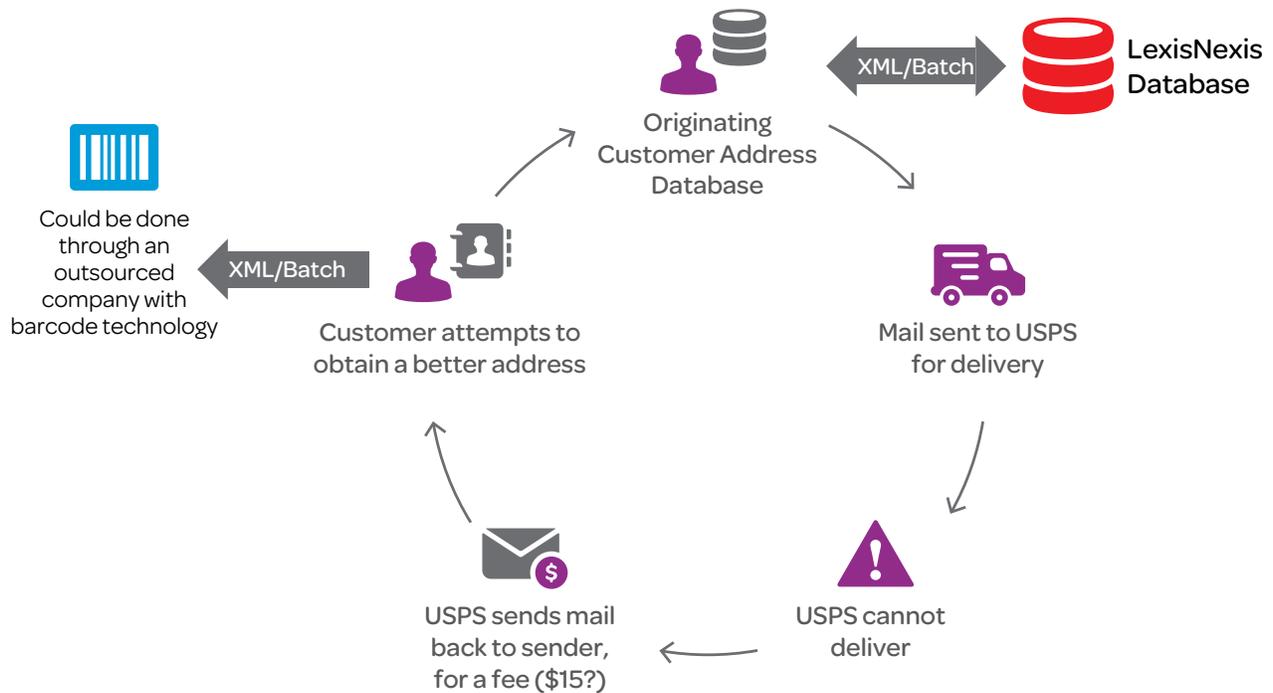
LexisNexis can specifically offer the following two solutions to assist government agencies:

- **LexisNexis® Data Hygiene:** Before sending out a mass mailing, a government agency would simply send LexisNexis a batch file of the names, addresses, and either SSNs or Date of births (DOBs) where the mailing is supposed to go. LexisNexis would then compare those specific fields of identity data against LexisNexis databases and return the best match back to your agency. This will ultimately help your agency have the most up-to-date individuals' addresses in your system to help mitigate risk and reduce costs tied to return mail issues.
- **LexisNexis® Return Mail:** An agency can also leverage this LexisNexis solution to introduce more automation into its returned mail processes. With it, each piece of outgoing mail is encoded with a unique barcode. As depicted on the next page, this approach allows any returned mail to be scanned for fast, automatic processing.

The LexisNexis collection of more than 10,000 sources of public and proprietary records covers **more than 634 million unique individuals**. Why is this number important? While U.S. Census data estimated the U.S. population at more than 316 million people in 2013, LexisNexis also tracks the identities of deceased individuals – people to whom mail should not be sent.

LexisNexis solutions go beyond the address on the mailing label to help ensure that the correct individual receives the intended correspondence by focusing on identities as a whole.

## Manage the Costly Process of Undeliverable Mail with LexisNexis Return Mail



### Potential Return on Investment

Each year, more than 158 billion pieces of mail are processed for delivery in the United States.<sup>4</sup> Sources have stated that last year **more than 30%** of all mail was undeliverable as addressed (UAA). In addition, a typical database of current addresses experiences erosion rates every year. These staggering statistics speak to the negative impact of lost receivables, increased labor costs, and unnecessary reprinting and mailing costs upon already tight budgets.

LexisNexis is well-suited to address these challenges. In addition to our breadth and depth of data, we currently work with nearly every government agency. Our experience includes support for agencies with stringent information security requirements – making us well-versed in the privacy and security controls governing personally identifiable information (PII).

<sup>4</sup> U.S. Postal Service, Postal Facts: Size and Scope, FY 2013

The following table highlights the potential cost savings that our solutions for returned mail can offer. In our experience, LexisNexis solutions can help reduce an agency's volume of UAA mail to roughly 5%. Based on a volume of one million letters per year, this results in about **\$575,000 in annual cost savings**. Please note that results may vary based on your agency's circumstances.

Estimated ROI from Using LexisNexis to Reduce Volumes of Returned Mail		
Contributing Factors and Assumptions	Status Quo	After Partnering with LexisNexis
Total number of letters sent per year*	1,000,000	1,000,000
Average percentage of letters returned as undeliverable	15%	5%
Number of letters returned as undeliverable	150,000	50,000
Total cost of UAA mail**	\$865,000	\$287,000
<b>Cost savings by leveraging LexisNexis solutions</b>		<b>\$575,000</b>

\* Estimate for illustrative purposes only.

\*\* Based on average, per item USPS costs for returned items (\$0.75) and for handling and resending (\$5.00).

## Risk Avoidance and Fraud Reduction

In addition to cost savings, using aggregated and linked external databases to enhance internal databases of current addresses, as well as the associated identity, can help government agencies avoid risks related to fraud, waste, and abuse, in addition to unintended disclosures of PII. This type of risk mitigation is especially important to agencies that mail entitlements to beneficiaries, send collections notices, audit notification requests, survey notifications, or any other communication that may disclose personal, confidential and identifying information.

One common scenario that these agencies face is when a beneficiary moves to a new residence without notifying the agency of his or her new address. This situation is further compounded by static records from other sources, including the U.S. Postal Service. These days, **less than half of the U.S. population uses the post office to forward mail.**<sup>5</sup>

Without leveraging a comprehensive dynamic identity-based solution that accounts for relocations, marriages, name changes, incarcerations, deaths, and even just typos and errors, government agencies may continue to send entitlement checks to the former address – tempting that location's new occupant to fraudulently confiscate and cash the checks. The end result is that the occupant undeservingly receives a benefit that was meant for someone else, instead of returning the mailed check to the sending agency.

## Conclusion

In conclusion, LexisNexis has the ability to greatly reduce the cost, time, and exposure of Government Agency mailings through the use of a custom batch to be utilized before a mass mailing by running advanced identity analytics on the mailing list to help increase the probability that the mail is reaching the intended recipient. The estimated savings is about \$575,000 when a government agency runs the LexisNexis Return Mail solution on one million pieces of mail, which does not include the cost savings of not accidentally disclosing personal and confidential information to an unintended recipient, or the opportunity cost of uncollected revenue by not sending the correct mail to the correct debtor.

<sup>5</sup> The Household Diary Survey Mail Use and Attributes in FY 2009

## For More Information

To learn more about Data Enrichment, Return Mail, and other LexisNexis solutions for government, please visit:

[lexisnexis.com/risk/government/](http://lexisnexis.com/risk/government/)  
or call 888.579.7638

### About LexisNexis® Risk Solutions

LexisNexis® Risk Solutions ([www.lexisnexis.com/risk/](http://www.lexisnexis.com/risk/)) is a leader in providing essential information that helps customers across all industries and government predict, assess and manage risk. Combining cutting-edge technology, unique data and advanced scoring analytics, Risk Solutions provides products and services that address evolving client needs in the risk sector while upholding the highest standards of security and privacy. LexisNexis Risk Solutions is part of Reed Elsevier, a leading publisher and information provider that serves customers in more than 100 countries with more than 30,000 employees worldwide.

Our government solutions assist law enforcement and government agencies with deriving insight from complex data sets, improving operational efficiencies, making timely and informed decisions to enhance investigations, increasing program integrity, and discovering and recovering revenue.



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