

## INSURANCE AND INVESTMENT MANAGEMENT

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### **JONATHAN W. BERRY III**

Managing Director  
610.745.0849  
jberry@navigant.com

### **JIM OUELLETTE**

Director  
781.910.6258  
james.ouellette@navigant.com

### **JAMES MOORE**

Associate Director  
609.219.8716  
jamoore@navigant.com

### **ERIC SPAMER**

Associate Director  
925.286.4817  
eric.spamer@navigant.com

[navigant.com](http://navigant.com)

### **About Navigant**

Navigant Consulting, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on markets and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services industries. Across a range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at [navigant.com](http://navigant.com).

# NTIS FINAL RULE OVERVIEW: KEY CHANGES, DMF CONCERNS & ENHANCED DATA CONSIDERATIONS

## SECTION I: NTIS FINAL RULE OVERVIEW AND KEY CHANGES

### Overview of the NTIS Final Rule

The National Technical Information Service (NTIS) published a final rule in the Federal Register on June 1, 2016 related to the "Certificate Program for Access to the Death Master File". This rule, which goes into effect on November 28, 2016, impacts all companies planning to receive the Social Security Administration's Limited Access Death Master File (DMF). To obtain access to the DMF, companies must demonstrate sufficient data security infrastructure and controls and receive documentation from an "Accredited Conformity Assessment Body" attesting to these safeguards. Companies must also demonstrate a legitimate fraud prevention or business purpose pursuant to a law, governmental rule, regulation, or fiduciary duty.

The final rule replaces an interim final rule enacted in March 2014, and it meets the requirements of the Bipartisan Budget Act of 2013 which called for a restriction of access to the DMF via a certification program. Certification costs are expected to increase compared to the interim rule; additional cost considerations, including attestation fees, will impose further financial burden on subscribers.

### Key Changes in the NTIS Final Rule

An overview of the key changes introduced in the final rule:

- Third-Party Attestation
  - Required attestation from a private sector, independent, third-party "Accredited Conformity Assessment Body" to evaluate and confirm that adequate data security infrastructure and controls are in place to safeguard DMF data.
  - Costs associated with an attestation vary based on the size of your organization, but could exceed \$100,000.
  - Attestation renewal is required at least once every three years.
  - The accreditation process typically includes an on-site review and potentially several readiness assessments.
  - The Final Rule refers subscribers to the ISO/IEC Standard 27006-2011 as a baseline standard.

- NTIS published a security guideline document, “Limited Access Death Master File (LADMF) Certification Program Publication 100”.
- NTIS Audits
  - NTIS may conduct periodic scheduled or unscheduled audits of the systems, facilities, and procedures of a Certified Person as it relates to access to the DMF at the expense of the Certified Person.
  - Unauthorized disclosures of the DMF are punishable by fines of \$1,000 per disclosure, up to \$250,000 per calendar year.

**WHAT THIS MEANS TO YOU**

- Self-attestation is no longer an acceptable method of obtaining or renewing an NTIS subscription to obtain the DMF.
- Companies will be required to have a third-party firm provide an independent attestation of the security requirements necessary to retain or gain access to the DMF.
- There will be necessary financial investment / cost associated with the certification process.
- In order to successfully obtain a certification, your company will have to inventory and document activities across your organization that involve data utilized or derived from the DMF.
- Appropriate governance and monitoring of processes, procedures, and training will be required to ensure compliance with requirements
- Procedures and controls for all businesses using the DMF, will need to be prepared for an unscheduled NTIS audit

Companies should consider the time and additional cost associated with the new DMF certification and third-party attestation process. NTIS is expected to increase DMF certification fee, and attestation can be extremely costly (depending on the size and complexity of your organization as well as how widely the DMF is used or disseminated across different functions or business areas). Navigant can help companies avoid these costs, save time and resources, and mitigate the limitations of the DMF.

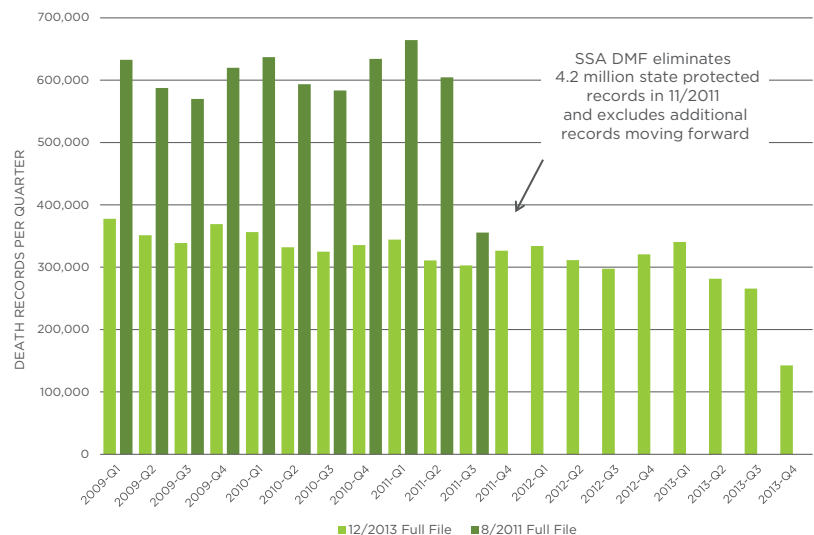
**SECTION II: CONCERNS WITH THE DMF DATA**

**Current State and Concerns with the DMF**

Companies have been facing increased regulatory scrutiny over the past several years related to their use of the DMF and whether they properly identify decedents. Due to regulatory changes that require regular matching to the DMF, companies should be aware of the rise in excluded death records and data fields published in the DMF and how these exclusions negatively impact the search for decedents. In November 2011, the Social Security Administration (SSA) removed 4.2 million state-protected records from the DMF. The SSA has excluded approximately one million state-protected records per year since and is expected to continue this trend; this equates to roughly a 40% drop in the number of new records published in the DMF every year. In addition to the annual drop in published death records, the DMF no longer includes state and zip code information that could otherwise be used to differentiate similar or disqualify false matches. This makes it more difficult for companies to use the DMF to identify decedents, as illustrated in **Exhibit A**.

**Exhibit A**

**SSA DMF Comparison Between 2011 and 2013 Full Death Files Quarterly Record Counts**



### SECTION III: SOLUTIONS TO DMF ISSUES WITH NAVIGANT ENHANCED DATA

In response to these changes, Navigant has researched alternative sources of decedent information and has compiled an enhanced death record database (Navigant Enhanced Death Data). Navigant Enhanced Death Data includes DMF data published prior to November 2011, DMF data published from November 2011 to present day, state vital statistic records<sup>1</sup>, and death records sourced from additional death sources. This aggregated database enables Navigant to better assist companies in identifying the maximum number of decedents. Navigant determined that these supplementary data sources could greatly mitigate the gap in death records that are no longer published in the DMF.

#### State Vital Records

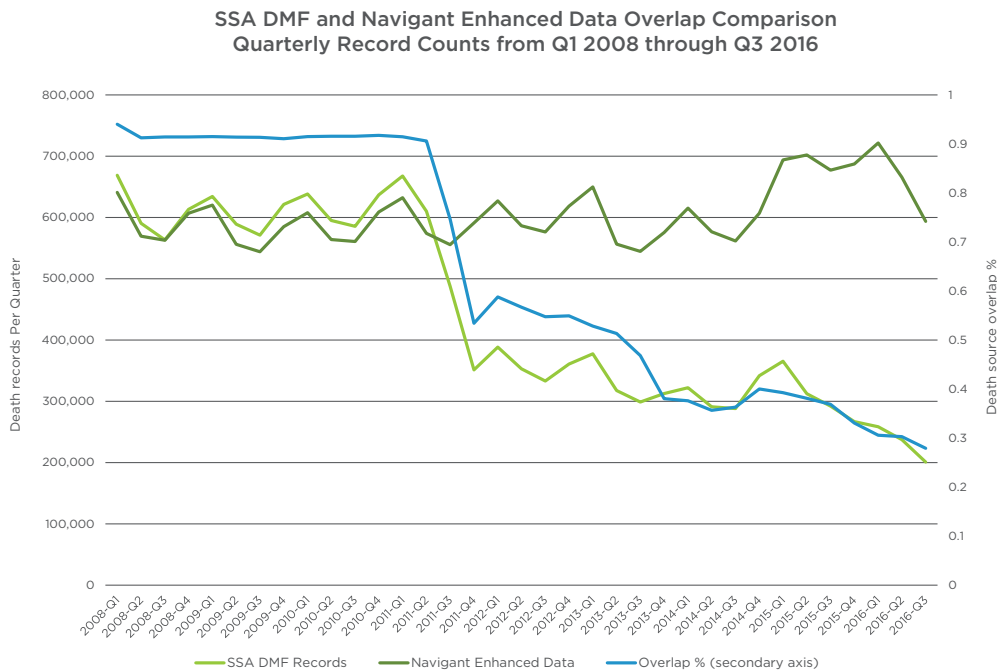
Navigant has reached agreements with several states to use their vital statistics files. These files contain death records with critical data elements that Navigant incorporates into its proprietary death matching engine. The state vital statistic records narrow the death record gap created with the removal of state-protected records from the DMF; most of these records come from states that use the Electronic Death Registration System<sup>2</sup> to submit their death records to the Social Security Administration.

#### Additional Death Sources – Navigant Enhanced Death Data

Many states do not publish death records for public or private use; therefore, the death record gap is not closed with state vital files alone. To help mitigate the remaining data gap, Navigant incorporated over 34 million records sourced from over 15,000 alternate sources of nationwide death data. This aggregation of data captures a large number of the state-protected records that no longer appear in the DMF. As with the state vital statistic records, there is a large drop in the percentage of Navigant Enhanced Death Data that overlaps with the DMF after November 2011. This highlights the value of Navigant Enhanced Death Data for comprehensive matching and corroborates that the DMF no longer includes state-protected death records.

The drop in the number of DMF records after November 2011 is drastic; however, the combined count of unique records from the DMF and Navigant Enhanced Death Data remains consistent with CDC registered deaths. In recent years, the DMF only captured 50% to 60% of CDC registered deaths, whereas Navigant Enhanced Death Data captures 90%+ of CDC registered deaths. The stable death record count captured by Navigant’s alternate sources compared with the substantial drop in deaths recorded in the DMF is depicted in Exhibit B.

Exhibit B



1. State vital statistic records are records of life events kept under governmental authority, including birth certificates, marriage licenses, and death certificates which are maintained at the state level.  
 2. Electronic Death Registration provides the ability for coroners, funeral directors, doctors, and hospitals to submit electronic death certificates.

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## Benefits of Weekly and Monthly DMF Data

Along with the removal of state-protected records, there is also a disparity between the death files provided by the SSA based on the frequency of death file updates. NTIS publishes weekly, monthly, and quarterly updates to the DMF. Navigant found that the more frequently published files (weekly and monthly) often contain records that are redacted in the quarterly file:

- There are, on average, **15,000** records that appear in the weekly DMF but not the monthly files. This trend is increasing in the most recent months, including almost 22,000 records that appear in weekly files published in August 2016, but do not appear in the corresponding 2016 monthly file.
- There are, on average, **11,000** records per month that appear on monthly change files but not quarterly files.
- There are, on average, **5,000** records per week that appear on weekly change files but not quarterly files.

Given that many DMF subscribers receive updates on a quarterly basis only, there is significant incremental value in having access to Navigant's death database, which contains several years of weekly and monthly DMF data. Navigant is also able to accommodate weekly updates for clients. Our weekly and monthly data is combined with the quarterly full files in an automated process, so clients do not have to worry about combining, manipulating, and de-duplicating data that changes from week to week.

## CONCLUSION

The NTIS final rule that will go into effect in November 2016 differs from the March 2014 interim rule in a few key areas: 1) Self attestation is no longer an acceptable means of obtaining or renewing a subscription to the DMF. Instead, companies are required to provide an attestation from an independent, third-party company as evidence of their adherence to the requirements of the final rule; 2) Companies are required to provide a third-party attestation at least once every three years; and 3) the cost of the certification will increase.

The differences are likely to have significant operational and/or financial impact on all current and future subscribers to the DMF. Applicants requesting access to the DMF must understand where DMF data is located within their organization and how that data

is used in order to comply with data security requirements set forth in the final rule. The IT infrastructure, procedures, and overall security in place will need to be verified by a third-party attestation and ready for a potential unscheduled audit (particularly in regards to data safeguarding). Data security is the main focus in the final rule, and much of the language points to a more expensive certification process.

Our experience and research shows that the more stringent NTIS certification requirements coincide with the publication of an ever more incomplete DMF. Navigant can meet and exceed your DMF matching needs while helping you avoid the cost, risk and effort associated with a third-party attestation. Navigant Enhanced Death Data supplements the DMF with state vital files and additional vetted death records to create a more complete death record database that fills the growing data gaps caused by DMF changes. Whether used to replicate your current process and avoid additional certification costs, or to enhance and streamline death match results, Navigant's services will help you find the most decedents possible while offering a robust and custom-tailored solution that will optimize your operational processes.

## ABOUT NAVIGANT'S FINANCIAL SERVICES CONSULTING PRACTICE

Navigant (NYSE: NCI) provides a wide range of services, spanning from consulting and compliance to litigation and investigative support, to help highly-regulated industry organizations address their most critical business issues. Our Financial Services consulting practice works collaboratively with banking, insurance, and investment management clients to achieve their business objectives by improving operational effectiveness and mitigating compliance risks. Our comprehensive service offering focuses on our clients' key opportunities and challenges including core business operations, technology, human capital, regulatory compliance, strategic transformations, customer service, and business process outsourcing (BPO). We bring deep industry, consulting and technical expertise, and are known for partnering with our clients to realize their business objectives.