Unemployment Insurance (UI) Program Integrity Action Plan

On July 22, 2010, the Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. 111-204) was enacted. IPERA requires agencies to ensure that their managers and accountable officers (including the agency head), programs, and, where applicable, states and localities, are held accountable for reducing improper payments.

To implement the requirements of IPERA, the Department is requiring State Workforce Agencies (SWAs) to report their planned activities to prevent, detect, reduce, and recover improper UI payments as part of their State Quality Service Plan (SQSP) submission. This information will be incorporated in Handbook 336 under a section titled "Unemployment Insurance Program Integrity Action Plan." The action plan will include a template for states to provide:

- Strategies and associated actions to reduce root causes, including recovery of these improper payments;
- Timeline, expected targets and measures; and
- Type and source of resources dedicated to accomplish the action plan.

To assist the SWAs in planning, the U.S. Department of Labor (Department) will provide each with state-specific Benefit Accuracy Measurement (BAM) improper payment estimates.

Plan Specifics:

The plan must identify the SWA officer(s) accountable for reducing improper payments, summarize the SWA's assessment regarding whether it has the internal controls, human capital, and information systems and other infrastructure needed to reduce improper payments to minimal cost-effective levels, and identify any statutory or regulatory barriers which may limit the agencies' corrective actions in reducing improper payments. Additionally, the plan must discuss the root causes of improper payments and present the state's strategies to address these causes.

   A. <u>Strategies to address Root Causes and Recovery of Improper Payments.</u> The SWA shall use the BAM improper payment estimates provided by the Department to develop and describe their strategies to prevent, detect, and/ or reduce each root cause.   Additionally, the strategies will include actions to improve the recovery of these improper payments.

     To determine the root causes for improper payments, each SWA needs to conduct an analysis of improper payments by reviewing:

- Cause and responsible party,
- Cause and prior actions by the agency, employer and claimant, and
- Cause and BAM error detection points.

     Other analysis may include SWA staffing issues, technology tools used, etc.

   i) <u>Prevention.</u> Prevention activities are by definition proactive. These are actions performed prior to payment issuance to assure that the payment is accurate when made. Examples of this type of activity include;
     (1) Expanding the methods for communicating Benefit Rights and Responsibility Information (BRI), reviewing information layout and reading level, and testing claimant understanding;
     (2) Training employers and claimants on separation information requirements;

(3) Implementation of the State Information Data Exchange System (SIDES) designed to improve the quality and timeliness of separation information;
(4) Review of state law, rules and regulations, business processes, and goals dealing with employment service (ES) registration and align these elements to eliminate overpayments. Several business models exist which may eliminate ES Registration errors:
    (a) Claimant responsible for ES registration – SWA stops payment if the claimant is not registered within 14 days of the initial claim. Weeks claimed or additional claims automatically maintain registration as active.
    (b) Agency responsible for ES registration – SWA collects sufficient information during the initial claims process to register the claimant for services. This information is transmitted to Employment Services and the system shows an active registration;
(5) Use of Systematic Alien Verification for Entitlement (SAVE) and Social Security Administration Crossmatching;
(6) Working with a consortium of states, improve the continued claims taking process (Interactive Voice Response (IVR) and Internet) design and flow logic to better detect changes in employment status (earnings to none) within and between weekly certifications to prevent payments when separations issues occur. To prevent benefit year earnings reporting errors, SWAs should ensure that the IVR or internet process clearly focuses first on employment status and then earnings in its questions -- for example, "Did you work during the week of mm/dd/yyyy?, How many hours did you work? How much do you earn per hour?";
(7) Focusing on the claimant's return to work date and earnings verification. If a claimant does not report work or hours after the return work date, create a call-in reporting requirement where the claimant has claimed a week after the return to work date and has not reported earnings;
(8) Staff evaluation and training (such as an Expanded Benefit Timeliness and Quality adjudication evaluation program and issue training); and
(9) Assuring standardized fact-finding questions are used and completed for each issue type.

ii) <u>Detection.</u> Detection activities occur subsequent to payment. These are actions that the state controls and usually involves crossmatch activities such as:
(1) National Directory of New Hire Crossmatching – check crossmatch time parameters, agency filters, use mandatory call-ins if a week is claimed and no earnings are reported;
(2) Wage Benefit Crossmatching – check the pindex calculation to ensure that it reflects current earnings disregard standards, run the wage benefit crossmatch for 9 consecutive weeks after the end of a quarter to distribute workload and detect issues as soon as information is available;
(3) Implementation of SIDES to improve the quality and timeliness of separation and benefit year earnings information and to receive employer reported information in electronic format so earnings comparisons can be completed by the computer instead of Benefit Payment Control (BPC) personnel;
(4) Use of data mining to detect such disqualifying issues as multiple claimants at single address or phone number; and
(5) Use of predictive analysis to identify claims at high risk for overpayments.

iii) <u>Reduction.</u> Reduction activities are those actions which reduce the amount overpaid or the number of weeks overpaid and involve activities such as:
(1) Redesign of BPC workflow to reduce clerical activities;
(2) Using call-in and/or automated "required to report" notices (mail, IVR, email, and Internet) to raise BPC earnings issues quickly;

(3) Use of weighting strategies to prioritize detection workload; and
(4) Automating certain overpayment establishment decisions, where the business process only requires earning adjustment notices.

iv) <u>Recovery.</u> SWAs will specify the actions they plan to take to recover overpayments and plans to improve the recovery of overpayments. (See Unemployment Insurance Program Letter 33-99 "Overpayment Recovery Technical Assistance Guide" <u>http://www.oui.doleta.gov/dmstree/uipl/uipl99/3399att/3399toc.htm</u>). Examples of this would be:
   (1) redesign of the BPC overpayment recovery workflow process;
   (2) reduction of clerical activities and/or automation of skip tracing and billing notices;
   (3) Implementation of the federal Tax Offset Program (TOP) with the U S Department of the Treasury;
   (4) Implementation of a state tax offset program.

B. <u>Targets and Timeline.</u> When compiling its strategies to address improper payments, agencies shall set targets for future improper payment levels and a timeline when the proposed strategies will be completed and within which the expected targets will be reached. States are encouraged to develop realistic multiyear initiatives.

C. <u>Resource Allocation</u>: The plan shall include a description of the type of resources such as human capital, technology and other tools used to prevent, detect, reduce and recover improper payments.

The following template will be incorporated in Handbook 336:.

Unemployment Insurance Program Integrity Action Plan

State:	Federal Fiscal Year:

Root Causes:

Accountable Agency Official(s):

Summary:

Strategies	Actions	Targets and Milestones	Resources