

Recommended Operating Procedures For Cross-Matching Activity:

National and State Directories of New Hires

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1. PURPOSE

These *Recommended Operating Procedures* (ROP) for benefit cross-matching with the National Directory of New Hires (NDNH) and the State Directory of New Hires (SDNH) contain key guidelines and procedures designed to successfully operate effective cross-matching programs that prevent, deter, and detect improper payments. The U.S. Department of Labor strongly encourages states to consider and utilize the processes and procedures outlined in this ROP in conducting NDNH and SDNH cross-matches.

2. SCOPE

This ROP is not definitive and all-inclusive. However, the minimum expectation is for states to use the recommendations provided herein as a starting point for results-oriented cross-matching activities. States may add or incorporate other successful practices not covered in this ROP.

3. RESPONSIBILITIES

In most states, the Benefit Payment Control (BPC) unit is generally responsible for conducting benefit payment cross-matches against wage data and would be responsible for implementing procedures contained in this ROP. States should consider the tasks contained in this ROP and determine the appropriate BPC or other staff to carry out these tasks and functions.

4. PROCEDURE

This section outlines recommended actions and timelines identified as being key activities in a state's cross-matching program.

4.1 Process Flow

The following chart is a functional diagram with a recommended work flow to optimize and implement a successful cross-match program.

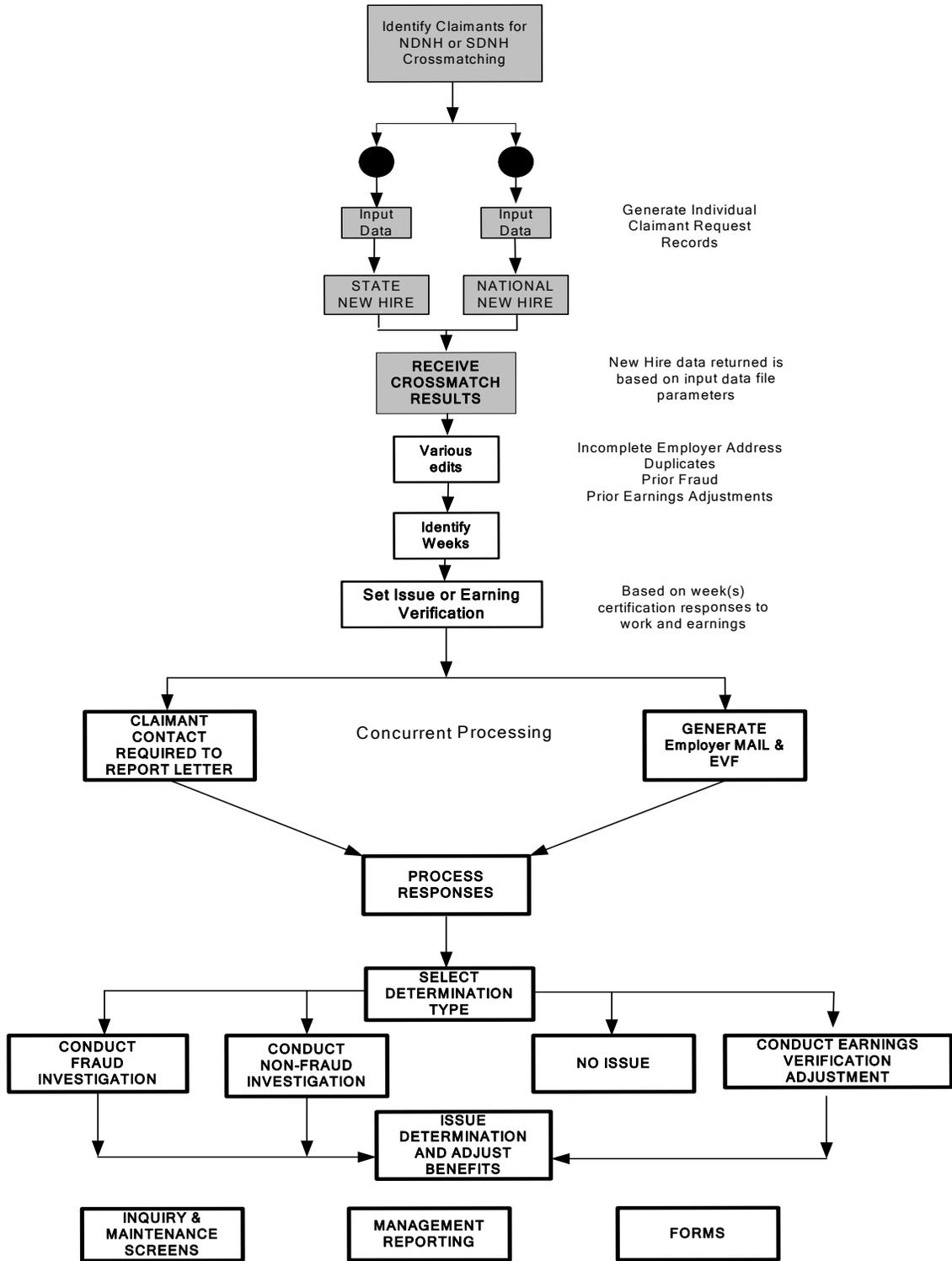


Figure 1 – Process Flow

4.2 Frequency and Timing of Cross-Matches - SDNH matches are generally expected to be run on a daily basis since these files are updated daily. NDNH matches are generally expected to be run on a weekly basis.

4.3 Key Actions – The following actions should be implemented immediately:

- Process data from SDNH and NDNH as soon as it is received (which is daily for SDNH and weekly (generally, Mondays) for NDNH). Effective automation and innovative workload management should allow the state to prioritize the work and screen out those matches that do not require immediate action.
- An immediate and critical action is to send a letter/notice on the same day (or no later than the next business day) to those claimants and employers identified by the NDNH or SDNH match.

Sample Notice for Claimants:

IMPORTANT NOTICE ABOUT YOUR UNEMPLOYMENT BENEFITS

Agency records indicate that you have filed a continued claim(s) and/or received unemployment insurance benefits for a period of time during which you may have also been employed. This agency has received employer information that indicates you are working or have worked and earned wages.

We are contacting this employer for a breakdown of actual wages for each week in question. We need to resolve any issues arising from this information, and any additional information, if wages were earned during the same period, that is, the same week(s) that you certified for benefits.

*During each week that you are claiming benefits, you are required to inform this agency of your employment status, and if you are working, you must report any and all wages earned. Please note: Wages must be reported for the week(s) in which such wages are earned, not when the wages are paid. Working, earning wages and failing to report such work/wages while filing for unemployment insurance benefits may constitute **FRAUD**. Individuals may be criminally prosecuted, fined and/or imprisoned for committing fraud and will be required to repay any benefits determined to be overpaid.*

To respond to this notice, please contact this agency by calling (xxx) xxx-xxxx.

- Notify affected claimants that they are required to report to or required to contact the agency, preferably before the date of the next continued claim certification in order to resolve the issue. (It is also recommended that the continued claim filing system be programmed to allow a claims representative to intervene to speak to claimants who have been identified as potentially working (based on NDNH/SDNH matches) to attempt to conduct necessary fact-finding and resolve the issue with the claimants at the time they file their next weekly claim certification).
- Notify appropriate employers and require responses within a specified period of time (for example, within seven business days).

- Issue appropriate determination(s) based on the response(s) or lack of response(s) after the allotted time has lapsed. Determinations may include denials for failure to contact the agency, as required under the state’s UI law (lack of responses from both parties prevents a determination based on NDNH matches since these are generally needed for independent verification of the NDNH data).

4.4 Data Source and Activities

Activity	Timeframe
Employers report W-4 (New Hire) data to the SDNH	Required to be made no later than 20 days after the date the employer hires the employee; or in the case of an employer transmitting reports magnetically or electronically, by 2 monthly transmissions (if necessary) no less than 12 days no more than 16 days apart.
New Hire data received from employers entered into SDNH	Within 5 business days of receiving reports from employers, the new hire reports must be entered into the SDNH database.
SDNHs transmit New Hire data to the NDNH	Within 3 business days after the new hire data is entered into the SDNH, the new hire data must be furnished to the NDNH.
New Hire data from Federal agencies and SDNHs entered into the NDNH	New Hire data must be entered into the NDNH within 2 business days upon receiving the data.
State constructs and submits its cross-match request daily to SDNH	The state requests a cross-match for all claimants who have received payment within the past 40 days. This allows for the business steps shown above and takes into consideration the biweekly certification processes. State requests the return of all new hires reported to SDNH from 47 days prior to the cross-match date for each individual social security number (SSN).
State constructs and submits its cross-match request <u>every week</u> to NDNH	The state requests a cross-match for all claimants who have received payment within the past 40 days. This allows for the business steps shown above and takes into consideration the biweekly certification processes. State requests the return of all new hires reported to NDNH from 47 days prior to the cross-match date for each individual SSN.
NDNH returns summary and transmittal data, including error reporting, to the submitter	NDNH sends transmittal, summary, and error data to the submitting Federal or state agency and/or SDNH (agency), as appropriate, within 4 business days of the system receiving the data.
Report matches from the NDNH to the state	NDNH matching information is transmitted to the state within 2 business days of the match. The earliest information would be available is on the following Sunday or Monday after the cross-match occurs.
State processes the NDNH/SDNH records that are returned	State eliminates duplicate records from the dataset (Same SSN, employer, and hire date) on the date of receipt of the information from NDNH/SDNH.
State compares cross-match outcomes to compensated and weeks claimed and determines “hits”	State software determines whether weeks are compensated and claimed after the hire date (or W-4 date if hire date is null). If the claimant reports work in the weeks identified, the state may verify earnings reported on the date of receipt of the NDNH/SDNH information.
State begins investigation	State simultaneously sends a letter/notice to the claimant and a request for earnings verification to the employer no later than the next business day following receipt of the information from NDNH/SDNH. If feasible, the state requires the claimant to contact the agency to resolve the issue prior to the date of filing the next continued claim for benefits. The employer is required to provide information within a specified time (e.g., 7 business days).
State concludes investigation	A written determination is made and processed, as appropriate.