

Unemployment Insurance (UI) Program Integrity Action Plan

State: <i>(Name of state)</i>		Federal Fiscal Year: <i>(SQSP Planning Year)</i>	
<p>Root Causes: <i>(List top three of the root causes in the state.)</i></p>			
<p>Accountable Agency Official(s): <i>(List the person accountable for reducing UI improper payments)</i></p> <p>Summary: <i>(Provide a summary of the plan that the state has designed. The summary should include outreach efforts planned by the agency to inform all UI and workforce staff, and employers of the strategic plan to ensure everyone understands the importance of maintaining program integrity.)</i></p>			
Strategies	Actions	Targets and Milestones	Resources
List the strategies that the state is taking to address UI improper payments.	List the specific action steps for each strategy that the state is taking.	This section should be divided into target and milestones. Specific milestones should be set for each of the actions. It is suggested that the milestones be set quarterly under each target.	Provide a description of the types of resources (e.g. human capital, technology and other tools) that have been designated to address the state's UI improper payments.

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Background

On July 22, 2010, the Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. 111-204) was enacted. IPERA requires Federal agencies and entities receiving Federal funding 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 IPERA, we are requiring State Workforce Agencies (SWAs) to report their planned activities to prevent, detect, reduce, and recover improper UI payments in a UI Program Integrity Action Plan. A recommended template for the plan has been developed and is included. The action plan should provide:

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

To help the SWAs plan, we will provide each state with state-specific Benefit Accuracy Measurement (BAM) improper payment estimates, and data about the top root causes of overpayments.

Program Integrity Action Plan Specifics

The plan must identify the SWA officer(s) accountable for reducing improper payments, summarize the SWAs' assessment of 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 agency's 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. Strategies to address Root Causes and Recovery of Improper Payments.** The SWA must use the BAM improper payment estimates we provide to describe their strategies to prevent, detect, and/or reduce each root cause. Additionally, the strategies must 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) Prevention. Prevention activities are by definition proactive. These are actions performed before 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) Implementing the State Information Data Exchange System (SIDES) designed to improve the quality and timeliness of separation information;
 - (4) Reviewing state law, rules and regulations, business processes, and goals that are concerned with employment service (ES) registration and aligning these elements to eliminate overpayments. Several business models exist which may help to eliminate ES Registration errors. Two of the most successful are outlined below:
 - (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 enough information during the initial claims process to register the claimant for services. This information is transmitted to ES and the system shows an active registration;
 - (5) Using 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 between weekly certifications. 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 series of questions asked -- 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 to 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) Detection. Detection activities occur after 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 and agency filters, and use mandatory call-ins if a week is claimed and no earnings are reported;
 - (2) Implement the recommended operating procedures for Crossmatching Activity: National and State Directories of New Hires as outlined in the Unemployment Insurance Program Letter (UIPL) No. 19-11, *National Effort to Reduce Improper Payments in the Unemployment Insurance (UI) Program*;
 - (3) Wage Record Crossmatching – check the index calculation to ensure that it reflects current earnings disregard standards, run the wage record crossmatch for nine consecutive weeks after the end of a quarter to distribute workload and detect issues as soon as information is available;
 - (4) 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;
 - (5) Use of data mining to detect such disqualifying issues as multiple claimants at single address or phone number; and
 - (6) Use of predictive analysis to identify claims at high risk for overpayments.
- iii) Reduction. 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 administrative 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) Recovery. SWAs must specify the actions they plan to take to recover overpayments and plans to improve the recovery of overpayments. (See UIPL No. 33-99, *Overpayment Recovery Technical Assistance Guide*, available at <http://www.oui.doleta.gov/dmstree/uipl/uipl99/3399att/3399toc.htm>). Examples of this would be:
- (1) Redesign of the BPC overpayment recovery workflow process;

- (2) Streamline administrative activities and/or automation of skip tracing and collection notices to claimants;
- (3) Implementation of the Federal Tax Offset Program (TOP) with the Department of the Treasury; and
- (4) Implementation of a State Income Tax Offset program.

B. Targets and Timeline. When designing strategies to address improper payments, agencies must 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. We encourage states to develop realistic multi-year initiatives.

C. Resource Allocation. The plan must include a description of the type of resources such as human capital, technology and other tools that will be used to prevent, detect, reduce and recover improper payments.