

ETA 227 Overpayment Detection and Recovery Activities

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A. Facsimile of Form

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State:	Report Period Ended:	OMB Approval No. 1205-0173 Expires: 10/31/2000
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SECTION A. NUMBER AND AMOUNTS OF OVERPAYMENTS ESTABLISHED

ITEM	Line No.	Number of Cases		Dollar Amounts	
		(1)	(2)	(3)	(4)
Total Fraud Overpayments	101				
Nonfraud Overpayments	Reversals (JAVA)	102			
	SESA Errors	103			
	Employer Errors	104			
	Claimant Errors	105			
	Administrative Penalty	106			
	Other	107			
Total Nonfraud Overpayments	108				
Total Fraud and Nonfraud Overpayments	109				

SECTION B. RECONCILIATION OF OVERPAYMENT ACTIVITIES

ITEM	Ln. No.	Number of Cases				Dollar Amounts			
		Fraud		Nonfraud		Fraud		Nonfraud	
		(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Overpayments									
Outstanding at Beginning of Period	201								
Recovered - Cash	202								
Recovered - Offset	203								
Waived	204								
Written-Off	205								
Additions	206								
Subtractions	207								
Outstanding at End of Period	208								
Less Allowances for Doubtful Accounts	209								
Overpayments Considered Collectible at the End of Period	210								

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SECTION C. DETECTION ACTIVITIES AND RESULTS

Activities Used to Detect Fraud and Overpayments	Line No.	No. Cases Checked	Number and Amount of Overpayments Established			
			Fraud		Nonfraud	
			No. Cases	Dollars	No. Cases	Dollars
			(1)	(2)	(4)	(5)
Crossmatch of Benefit Payments with Wage Records	301					
Verification of Low Earnings	302					
Employer Protests of Benefit Charges	303					
Tips and Leads from Outside Sources	304					
Verification of Return-to-Work Dates and Wages Earned	305					
Internet Crossmatch	306					
Quality Control	307					
Other Controllable Activities	308					
Other Noncontrollable Activities	309					
Fictitious Employer Cases	310					
TOTALS	311					

SECTION D. CRIMINAL/CIVIL ACTIONS

ITEM	Line No.	State/Local Courts		U.S. Dept. of Justice
		UI	UCFE/UCX	
		(18)	(19)	
Number of Cases Pending Prosecution at the Beginning of the Period	401			
Number of Fraud Cases Referred for Prosecution During the Period	402			
Number Cases Prosecution Refused	403			
Number Convictions Obtained	404			
Number Cases Referred for Civil Action	405			
Number Civil Actions Obtained	406			

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SECTION E. AGING BENEFIT OVERPAYMENT ACCOUNTS

Accounts Receivable	Line No.	Dollar Amounts	
		UI	UCFE/UCX
		(21)	(22)
90 days or less	501		
91 days -- 180 days	502		
181 days – 270 days	503		
271 days – 360 days	504		
361 days – 450 days	505		
451 days or more	506		
Total Accounts Receivable	507		

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B. Purpose

Form ETA-227 provides information on determinations, overpayments, and recoveries of overpayments on intrastate and liable interstate claims under State unemployment compensation (UI) and under Federal unemployment insurance programs, i.e., programs providing unemployment compensation for Federal employees (UCFE) and ex-servicemen (UCX), established under Chapter 85, Title 5, U.S. Code. This report will include claims for regular, State additional and Federal-State extended benefits. This report will not include claims under the Trade Readjustment Act, Disaster Unemployment Assistance, Redwood Employee Protection Program, Airline Deregulation Act or any other temporary Federal Program, i.e., Federal Supplemental Compensation (FSC). Such programs have their own separate forms and reporting instructions.

The State agency's accomplishments in principal detection areas of benefit payment control are shown in the ETA-227 report. The Employment and Training Administration (ETA) and State agencies need such information to ensure that benefit payments are properly made. Data are provided for criminal and civil actions involving benefit overpayments obtained fraudulently, and an aging schedule of outstanding benefit overpayment accounts is included.

Each State agency should maintain all documentation supporting the information reported on the ETA-227 and retain it in a well organized file for three years following the end of each report period for audit purposes.

C. Due Date and Transmittal.

The ETA-227 report is due quarterly on the first day of the second month after the quarter of reference.

<u>Report for Calendar Quarter Ending</u>	<u>Due the Following</u>
March 31	May 1
June 30	August 1
September 30	November 1
December 31	February 1

D. General Reporting Instructions

All applicable data on the ETA 227 should be traceable to the data regarding overpayments and recoveries in the SESA's financial accounting system.

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1. Amended Reports. If the information changes from that sent on the initial ETA 227 form covering the report period, the State agency will send an amended ETA 227 electronically.
2. Coverage. Reported activity pertains to "Regular," "Federal-State", "Extended", and wholly State financed "Additional" benefits for the UI, UCFE and UCX programs.
3. Audits. Dollar figures should be traceable to data regarding overpayments and recoveries in the SESA's financial accounting system.
4. Checking the Report. Entries should be made for all items. If no activity corresponding to the items occurred during the report period, a zero should be entered. A report containing missing data can not be sent to the National Office but can be stored on the State's system. Edit checks can be found in Handbook 402, Unemployment Insurance Required Reports User's Manual, Appendix C.

E. Definitions.

1. State Programs (UI). Claims for regular unemployment insurance benefits involving State unemployment insurance funds, including State additional benefits and Federal-State extended benefits only.
2. Federal Programs (UCFE) (UCX). Claims for regular unemployment insurance benefits for Federal employees (UCFE) and regular unemployment benefits for ex-servicepersons (UCX), including State additional benefits and Federal-State extended benefits only.
3. First Payment. The unemployment insurance benefit payment for the first compensable week of unemployment in a benefit year. (A benefit year is, generally, the 52-week period during which unemployment insurance benefits are payable.)
4. Overpayment. An amount of benefits paid to an individual to which the individual is not legally entitled, whether or not the amount is later recovered or waived. Losses through embezzlement or by theft, other than through the benefit payment process, should not be counted as overpayments.
5. Fraud Overpayment. An overpayment for which material facts to the determination or payment of a claim are found to be knowingly misrepresented or concealed by the claimant (willful misrepresentation) in order to obtain benefits to which the individual is not legally entitled.

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Fraud (willful misrepresentation) or concealment by a claimant normally relates to unreported earnings, employment or separation from employment, availability, ability, efforts to obtain work, dependents, vacation pay, pension, concurrent filing for benefits in two or more States, or collusion with the employer on exaggerated or unreported earnings or fictitious employment. Include all overpayments which the State agency determines to be a result of willful misrepresentation or concealment of facts.

6. Nonfraud Overpayment. An overpayment which the State agency determines is not due to willful misrepresentation. Nonfraud overpayments include overpayments resulting from reversals, State agency errors, employer errors, and claimant errors. The amount of nonfraud overpayments also includes overpayments caused by imposition of administrative penalties.

Nonfraud overpayments generally include errors in administration or omission and do not involve claimant willful misrepresentation. In the case of overpayments that can be traced to one or more sources of error, i.e., State agency, employer, or claimant, count only once under the primary cause of the error.

- a. Reversals. Reversals "JAVA" (line 102), refer to those nonfraud overpayments which are overturned due to a redetermination or a decision which reverses an earlier determination under which benefits were paid. Generally, such overpayments are attributable to application of the JAVA decision. Any other type of reversal should be counted on appropriate Lines 103, 104, 105 or 107.
- b. SESA Errors. State agency administrative error overpayments include administrative or mechanical errors and omissions such as:
- (1) Errors in computing benefit rate.
 - (2) Payment for noncompensable waiting week.
 - (3) Incorrect weekly payment, e.g., failure to consider deductible amount.
 - (4) Payment beyond the expiration of the benefit year.
 - (5) Payment in excess of maximum benefit amount.
 - (6) Payment under incorrect program.
 - (7) Retroactive nonmonetary determinations.
 - (8) Monetary redeterminations.
 - (9) Payment during a period of disqualification.
 - (10) Duplicate payment for the same week.
 - (11) Payment to wrong claimant.
 - (12) Machine errors.
- c. Employer Errors. Errors attributable to employers include:

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- (1) Noncompliance with notification and reporting requirements in a timely manner.
 - (2) Incorrect reporting of base period wages.
 - (3) Incorrect reporting of partial or part-total earnings.
- d. Claimant Errors. Errors attributable to claimants include the same types of overpayments as listed in c above, except that the State agency did not determine that the overpayment involved fraud (willful misrepresentation) or concealment. Generally, these overpayments result from a claimant's misunderstanding of obligations and benefit rights.
- e. Administrative Penalty. An overpayment (classed as nonfraud for reporting) of unemployment insurance benefits due solely to the application of State law provisions for disqualification from benefits for willful misrepresentation. For example, an administrative penalty occurs in States which assess the disqualification for fraud beginning with the week the fraudulent act occurred rather than when the fraud was discovered or the finding of fraud is made.

An administrative penalty overpayment is any benefit payment not fraudulently obtained but to which the claimant is no longer entitled to receive because payments were made during a retroactive disqualification period assessed for the fraud (willful misrepresentation) that was committed.

If the disqualification begins with the week of willful misrepresentation and continues for additional weeks, report the amount paid for the first week on Line 101 and report the amount paid for the nine following weeks on Line 106.

If a claimant is disqualified for willful misrepresentation on the initial claim and the State's law provides that the total claim is invalid due to the misrepresentation, report the whole amount of the overpayment on Line 101. If, however, the State's law does not provide for invalidation of the total claim and the weeks overpaid are due solely to an administrative penalty, report the whole amount of the overpayment on Line 106. No provision is made for counting the number of such cases of these overpayments since the fraudulent act that caused the overpayment for the week(s) involved should be counted on Line 101.

- f. Other. All overpayments not categorized as fraud (willful misrepresentation) or nonfraud (administrative penalty, reversals (Java),

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State agency administrative errors, employers errors, or claimant errors) should be reported as "Other" (Nonfraud).

7. Joint Claims. In all joint claim cases, overpayments and recoveries involving both State unemployment insurance trust funds and Federal program funds should be reported under UI only. Report data for joint Federal UCFE and UCX claims under UCFE or UCX only, as applicable. The dollar amount of such overpayments should be allocated to the appropriate columns which represents the pro rata share of the weekly benefit amount.

Payments made under incorrect programs do not constitute an overpayment when administrative adjustments or transfers can be made. However, payments in excess of allowable amount that can not be cleared by program adjustment constitutes an overpayment.

8. Waiver. A nonfraud overpayment not subject to recovery because of a State law provision authorizing forgiveness of the overpayment. For example, a State law may authorize waiver of overpayment recovery if such overpayment was not the claimant's fault and requiring repayment would be against equity and good conscience or would otherwise defeat the purpose of the law.
9. Write-Offs. An amount of overpayment not subject to further recovery because of a State law provision authorizing cancellation of the overpayment, e.g., some State laws may authorize write-offs of an overpayment after the statute of limitations expires.
10. Allowance For Doubtful Accounts. There is no way to determine in advance how long an overpayment will remain outstanding and which ones will be collectible or noncollectible. The Allowance for Doubtful Accounts is an amount of receivables (overpayments) for which the prospects of collection are improbable. Often, the Allowance for Doubtful Accounts is described as an asset reduction account or negative account.
11. Overpayments Considered Collectible at the End of Period. The overpayment amount remaining after the Allowance for Doubtful Accounts has been deducted from Overpayments Outstanding at End of Period (Line 208).
12. Case Established. For purpose of Sections A and B of Form ETA 227, a case established is any single issue involving either a fraud or nonfraud overpayment that has been determined for a claimant within a single calendar quarter and for which a formal notice of decision is issued. Any overpayment (whether fraud or nonfraud) that is determined by the State agency which covers one or more weeks (or partial weeks) of benefits shall be counted as one case if all weeks of

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overpayments are included in the same notice of decision that is issued to the claimant.

Any overpayment that is determined by the State agency which covers consecutive weeks of benefits that span two calendar quarters should be reported on the Form ETA 227 that pertains to the calendar quarter in which the notice of decision is issued to the claimant.

13. Case Checked. For purpose of Section C of Form ETA 227, a case checked represents the number of requests for additional information that are sent by and returned to the State agency by interested (third) parties. Based on the information received from the interested party, the State agency either clears the case as having no overpayment or refers the case for further investigation of the potential overpayment and, if appropriate, determines that an overpayment exists and issues a formal notice of decision to the claimant. Types of information used in this process include, but are not limited to, wage verification requests that are completed and returned to the State agency by employers, separation requests that are completed and furnished by employers or any other kind of information that is requested and received by a State agency in order to resolve an issue that may affect the proper payment of a claim for benefits.

Following are examples to illustrate the application of the "case checked" definition:

- a. A State agency runs 30,000 cases through the Wage Record Crossmatch during the calendar quarter and identifies 10,000 cases where both wages are reported and benefits were paid ("hits"). The State agency mails 10,000 wage verification request forms to affected employers and receives back 7,500 completed forms. The State agency checks the returned forms to either clear the case or refer it for further investigation and possible determination of overpayment. In such instance, the State agency should report 7,500 cases checked on Line 301, Column 13.
 - b. A State agency mails out 10,000 request forms to affected employers to verify date of return to work and wages earned during the calendar quarter and receives back 7,500 completed forms. The State agency checks the returned forms to either clear the case or refer it for further investigation and possible determination of overpayment. In such instance, the State agency should report 7,500 cases checked on Line 305, Column 13.
14. Detection Activities and Results. State agencies should determine which activities best apply to the individual State's method of claims operations and use them to detect and deter benefit overpayments. Methods of these

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techniques may vary. State agencies should also experiment with newer or more effective ways to detect and deter overpayments.

- a. Crossmatch of Benefit Payments with Wage Records. In wage record States, this method involves comparing quarterly wage reports with benefit payments made for the same quarter.

If this comparison indicates a possible overpayment, the State agency sends a form letter to the employer(s) for a listing of the exact weeks of employment and wages earned. The State agency compares replies from employers with benefit payment histories to determine if claimants failed to report earnings and were overpaid.

- b. Verification of Low Earnings. This method involves verifying employment dates and earnings reported by a claimant on a claim for partial or part-total unemployment. This information is usually obtained from the employer by mail or telephone. In addition, the employer is asked if full-time work was available to the claimant; if so, why he/she worked less than full time. The reason for claimant's separation from employment may also be requested if he/she is no longer employed.
- c. Employer Protests of Benefit Charges. This method involves the investigation of employer allegations that a claimant is concurrently working and claiming benefits, or allegations of other questions of eligibility raised by the employer(s) receiving notices of experience rating charges.

Depending upon State law and agency practice, the employer is encouraged to notify the local or central office directly if he/she has a valid reason for believing that benefits are being paid improperly because the claimant is employed; quit his/her job; retired from the labor force; or is not ready, willing and able to work.

- d. Tips and Leads from Outside Sources. This method calls for the checking of complaints on alleged improper payment of benefits. Complaints may be from employers other than benefit charge employers; the public (anonymous or identified); or Federal, State, or city agency officials.
- e. Verification of Return to Work Dates and Wages Earned. This method seeks to determine if a claimant misrepresented the actual date of return to work and/or the amount of his/her earnings. It provides for a current and immediate means of detection. When the claimant notifies the State agency that he/she has returned to work, the claimstaker records the starting employment date and the employer's name and address and

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verifies the return to work with the employer by mail, telephone, or in person.

- f. Interstate Crossmatch. The Interstate (Internet) Crossmatch and Locator System is a match of interstate claimants against the agent State's wage and UI files. The liable State sends the Social Security Number (SSN) of its active interstate claimants to the respective agent State to search for wages and duplicate filing of UI claims. The agent State runs the SSNs against its wage and UI files, and returns a listing of the "hits" to the liable State.

The Locator System is a crossmatch of outstanding overpayments against all States wage and UI files. Usually, the claimant's whereabouts are unknown and the SSN is broadcast to all States. "Hits" are returned to the originating State.

- g. Quality Control (QC). The major objective of QC is to strengthen controls to prevent errors and abuse in the payment of unemployment insurance benefits. This activity is based on a statistical sample based quality control system developed to precisely determine the scope and nature of improper payments. Some of the cases investigated will provide information which can be used for prevention and detection purposes.
- h. Other Controllable Activities. This includes other types of detection activities which the State directly controls:
 - (1) Back-to-Back Checks. This method is used in wage request reporting States. Benefit payments made to a claimant in the previous benefit year are matched against base period wages reported for him/her on a new claim. If a potential overpayment is found, the State agency checks with the base period employer(s) for a breakdown of earnings on the particular week(s) for which benefits were paid. This information, when compared with the benefit record of previous claims, will reveal if a potential overpayment was made.
 - (2) Border Checks. This is a means of detecting concurrent filing of claims in two or more States. Based on prior arrangements between States, the active claim file of a local office near the State line is checked against the claim file of a neighboring State.

This technique can also be used to detect claimants filing for benefits in one State while working in another.

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- (3) Industry Surveys. Under this survey method, groups of employed workers are investigated to detect concurrent earnings and benefits. Generally, industries selected for survey are characterized by high turnover, seasonality, and non-covered employment.

Surveys are also made in industries where employment practices are conducive to fraud, such as piece work, home or temporary work.

A State agency representative obtains the name and social security account number of each employee to check against the agency's active claim file. If this comparison indicates a possible conflict, the case is investigated.

- (4) Local Office Audits. This method involves an audit of local office records by persons other than line supervisors to determine accuracy of payment authorizations. It basically attempts to detect the nature and extent of improper payments, reveals operating weaknesses, and serves as a check on agency employee fraud or collusion.

Generally, an audit team arrives unannounced at the local office and impounds the claims to be audited. The selection may include inactive claims. The audit team lists each case by name, social security account number, and weeks claimed, and thoroughly reviews each claim record. Separation and earnings information, availability and ability to work, and other eligibility factors are investigated through contacts with claimants and employers. The audit team reviews local office claims operations for adherence to procedural instructions.

After the audit, the audit team prepares a report which lists case discrepancies and operational deficiencies. These findings are later discussed with local and central office personnel and provide a basis for actions to improve program administration.

- (5) Fictitious Employer/Claimant Detection Systems. This involves a computerized system for detecting fictitious employer accounts as well as fictitious claimants. It may be referred to as the Legitimate Employer Claims Analysis System (LECAS). The system contains a profile of certain characteristics that are fairly common among employers involved in fictitious schemes. An Employer Tracking File (ETF) serves as the basis for identifying such employers and/or claimants.

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- (6) Spot-Check Letters to Former Employers. Under this method, the State agency sends a form letter to the claimant's most recent and/or base period employer. It informs the employer of weeks of unemployment for which benefits were paid, and requests any information which may affect the claimant's eligibility for benefits. The letter provides the employer with beginning and ending dates of the period to be checked. The employer is requested to return the letter with the following information: For the weeks or day checked, whether or not the claimant worked for him/her; and if so, the amount of wages earned; and whether or not the claimant refused offers of employment. The employer is asked to furnish details if the claimant refused an offer of work.
- (7) Dependency Status Surveys. This method concerns verification of claims for dependent's allowances. It applies in States which do not routinely require documentary evidence to establish a claim for dependent's allowances. As a rule, the dependency information on a new claim is compared against prior year benefit claims. Differences noted, such as the change in name of dependents, their relationship to the claimant, age and place of residence, will prompt an investigation. The claimant is closely questioned on such discrepancies and is asked to support his/her claim with additional facts and/or documentary evidence. Supplementary information is obtained through field investigation. Another method is to select a random sample of dependent's allowance claims for full field investigation. This may involve visiting the home of claimants, their neighbors, schools, and other sources for information to verify the information on the claim.
- (8) Accession Notices. This method is used primarily in wage request States as a substitute for the crossmatch. Employers will often report, as part of the quarterly contribution report, all new hires during the preceding quarter, by name, social security number and date of hire. The State agency may also request that the employer provide the date of separation, if applicable. The State agency compares the employer listing with the benefit payment file for the same quarter; if the comparison shows benefit payments beyond the date of hire, the employer is asked to provide weekly wage information for weeks for which benefits are paid.
- (9) Systematic Alien Verification For Entitlement (SAVE) Program. This is normally a computerized verification/matching system for preventing and detecting the payment of unemployment insurance to illegal aliens (secondary verifications are performed manually). The

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program matches claimant identifying information such as Social Security number, alien registration number, against the Immigration and Naturalization Service's data file.

- (10) Social Security Verification System. This is a computerized system for matching social security numbers against unemployment insurance benefit files which identifies invalid social security numbers, namely, numbers that were not issued or numbers of deceased persons. The software package for this verification is available to State agencies through the Office of Inspector General in the Department of Health and Human Services.
- (11) New Hire Systems. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), otherwise known as "Welfare Reform", requires States to establish New Hire Directories for the purpose of locating parents who are behind in payment of child support. Employers are required to report "new hire" information to States. State UI agencies run crossmatches of this information against the UI benefit records to identify claimants who have failed to report earnings and, therefore, may have been overpaid UI benefits.
 - i. Other Noncontrollable Activities. This includes other types of detection activities which the State does not directly control.
 - (1) Investigation of Local Office Complaints. These cases are selected for scheduling of a special interview or field investigation because of suspicions by claims personnel regarding claimant eligibility. These cases involve claimants who due to attitude, off schedule reporting, attire, duration of unemployment, or other factors, have raised questions as to their rights to benefits.
 - (2) Regular Claims Control. This covers incorrect determinations discovered by State agency personnel during routine examination or audit of benefit records. Redeterminations are due to a claimant's misunderstanding of his/her benefit rights, failure of employers to provide necessary or correct information, administrative or mechanical errors by the State agency, and redeterminations through the appeals process.
 - j. Fictitious Employer/Claimant Detection Systems. This involves a computerized system for detecting fictitious employer accounts as well as fictitious claimants. It may be referred to as the Legitimate Employer Claims Analysis System (LECAS). The system contains a profile of certain

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characteristics that are fairly common among employers involved in fictitious schemes. An Employer Tracking File (ETF) serves as the basis for identifying such employers and/or claimants.

F. Item by Item Instructions

Reporting instructions for specific items are given only as necessary to supplement headings on the form. Show only whole dollar amounts.

1. Section A. Number and Amounts of Overpayments Established.

Columns 1 and 3 refer to State UI and joint State UI-Federal UCFE-UCX claims, including Regular, State Additional, and Federal-State Extended Benefits paid under these programs.

Columns 2 and 4 refer to Federal UCFE and/or UCX claims only, including Regular, State Additional, or Federal-State Extended Benefits under these programs.

2. Section B. Reconciliation of Overpayment Activities. Information reported for Lines 201 through 210 are reportable by fraud and nonfraud for the number of cases and amounts of dollars by State UI in Columns 5, 7, 9, and 11 and for Federal UCFE/UCX claims in Columns 6, 8, 10, and 12. Adjustments on Line 206 and 207 relate to data previously reported in Section A of the current report or on any prior report submitted. Do not include any adjustments on Lines 206 or 207 to any case that was not previously included in Section A.

a. Line 201, Overpayments Outstanding at the Beginning of Period. Enter amounts of overpayments outstanding at the beginning of this report period. The amount entered in Columns 9, 10, 11, and 12 will always be the same as the amounts shown on Line 208, Columns 9, 10, 11, and 12 from the preceding report period.

b. Line 202, Overpayments Recovered-Cash. Enter the net amount of all cash repayments received by the State agency regardless of when overpayments were established. Include under cash, overpayments recovered from liens, garnishments of wages, adjustments from State income tax refunds or other similar actions. Any cash repayment received from a claimant that is later refunded because of a redetermination, etc., should be subtracted from the amount shown for this line if the original amount had already been entered.

c. Line 203, Overpayments Recovered-Offset. Enter the net amount of all dollars recovered through offset from unemployment insurance benefits

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otherwise payable regardless of when the overpayments were established. Any offset used to repay an overpayment that is later refunded to the claimant because of redetermination, etc., should be subtracted from the amount shown for this line if the original amount had already been entered.

- d. Line 204, Overpayments Waived. Enter the number of cases and amounts of overpayment recoveries waived under State law during the report period regardless of when the overpayments were established. Include only cases and amounts of overpayments previously reported on Lines 108 and 109. Do not include overpayments that the State agency no longer has the authority to recover because of expired statute of limitations (write-offs).
- e. Line 205, Overpayments Written-Off. Enter the number of overpayment cases and amounts of all overpayments written-off under the State law during the report period regardless of when the overpayments were established. Usually, these write-offs occur when a claimant is deceased or judged bankrupt or when the statute of limitations to collect overpayments has expired under the State law.
- f. Line 206, Overpayments - Additions. Enter the amount of any overpayment adjusted upward which was previously included on Line 109 for this report or any prior report period. Such adjustment usually is a result of a redetermination or appeal decision that increases the amount of overpayment previously reported.
- g. Line 207, Overpayment - Subtractions. Enter the number of cases and/or amount of any overpayment adjusted downward which was previously included on Line 109 for this report or any prior report period. Such adjustment usually is a result of a redetermination or appeals decision that decreases the amount in part or in total of an overpayment previously reported. In the event of complete reversal or cancellation, show the number of such cases as well as the full amount of decrease in overpayment.
- h. Line 208, Overpayments Outstanding at the End of Period. In Column 9, enter the amount of fraud overpayments by adding Column 9, Line 201 to Column 3, Line 101 plus Column 9, Line 206 minus Column 9, Lines 202, 203, 205 and 207. In Column 10, enter the amount of fraud overpayments by adding Column 10, Line 201 to Column 4, Line 101 plus Column 10, Line 206 minus Column 10, Lines 202, 203, 205 and 207. In Column 11, enter the amount of nonfraud overpayments by adding Column 11, Line 201 to Column 3, Line 108 plus Column 11, Line 206 minus Column 11, Lines 202, 203, 204, 205 and 207. In Column 12, enter the amount of nonfraud overpayments by adding Column 12, Line 201 to Column 4, Line

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108 plus Column 12, Line 206 minus Column 12, Lines 202, 203, 204, 205 and 207.

- i. Line 209, Allowance for Doubtful Accounts. In Columns 9 and 10 enter the estimated amount of fraud overpayments determined to be uncollectible for the report period. In Columns 11 and 12, enter the estimated amount of nonfraud overpayments determined to be uncollectible for the report period.
 - j. Line 210, Overpayments Considered Collectible at the End of Period. In Columns 9, 10, 11, and 12, enter amounts from Line 208 minus the amount in Columns 9, 10, 11, and 12, Line 209, Allowance for Doubtful Accounts.
3. Section C. Detection Activities and Results.
- a. Lines 301-310, Activities Used to Detect Fraud and Overpayments. Each detection activity is described in Definitions, Section E. 14. above. "Other Controllable Activities" (Line 308) includes: back-to-back checks, border checks, industry surveys, local office audits, random selection of benefit payment surveys, spot-check letters to former employers, dependency status surveys, accession notices, fictitious employer/claimant detection systems, alien status verification, social security verification programs, and new hire systems. Experimental activities should be briefly explained under "Remarks", with a copy of the program attached to the ETA-227 being submitted. "Other Noncontrollable Activities" (Line 309) includes: investigation of leads provided by local office staff and through regular claims control examinations and audits.

Report on Line 310, "Fictitious Employer Cases", the number of individuals involved in the cases and dollar amounts detected as the result of fictitious employer/claimant detection system.

- b. Column 13, No. Cases Checked. Enter on Lines 301-310, the number of cases checked by the State agency for each activity during the report period. For this report, the number of cases checked means the number of requests that were sent by and returned to the State agency from interested parties.

Based on the information received, the State agency either clears the case as no overpayment or refers it for further investigation and/or monetary or nonmonetary determination because an overpayment must still be resolved. Examples: wage verification requests that are completed and returned by employers, separation information received from employers,

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or any other form of information that is solicited and received by the State agency in order to answer questions on the proper payment of a claim for benefits. It may also include unsolicited investigative complaints received from inside and/or outside the State agency about a claimant's right to benefits. It is immaterial whether findings result in a determination of overpayment or willful misrepresentation (fraud).

- c. Column 14, No. Cases - Fraud. Enter on Lines 301-310, the number of fraud overpayments established for each detection activity.
 - d. Column 15, Dollars - Fraud Overpayments Established. Enter on Lines 301-310, the amount of fraud overpayments established for each detection activity.
 - e. Column 16, No. Cases - Nonfraud. Enter on Lines 301-310, the number of nonfraud overpayments established for each detection activity.
 - f. Column 17, Dollars - Nonfraud Overpayments Established. Enter on Lines 301-310, the amount of nonfraud overpayments established for each detection activity.
4. Section D. Criminal/Civil Actions. Report on Lines 401 through 404, fraud cases referred to State/Local/Federal prosecuting authorities depending on the type of claim. Column 18 refers to State UI and Column 19 relates to Federal UCFE/UCX claims, which were referred to State or Local prosecuting authorities.

Report in Column 20 all prosecutions referred to the U.S. Department of Justice by the U.S. Department of Labor's Office of the Inspector General (OIG).

Include cases involving Regular, State Additional, or Federal-State Extended Benefits under the program from which benefits were paid. In cases involving both State/Federal funds; e.g., if a joint UI-UCX case involving Federal-State benefits is referred to the OIG for investigation and further prosecution to the Department of Justice (DOJ), it should be reported on Line 402, Column 20.

Lines 405 and 406 pertain to civil actions taken by the State agency usually relating to collection of overpayments.

- a. Line 401, No. Fraud Cases Pending Prosecution Beginning of Period. For each column, enter the number of cases that the State agency referred to appropriate prosecuting authorities and which have not been decided as of the beginning of the report period.

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- b. Line 402, No. Fraud Cases Referred for Prosecution. Enter the number of fraud cases referred for prosecution during the report period, regardless of when the willful misrepresentation occurred.
 - c. Line 403, No. Cases Prosecution Refused. Enter the number of fraud cases prosecuting authorities refused to prosecute during the report period, regardless of when the willful misrepresentation occurred. Include as refusals, cases that were accepted by prosecuting authorities but were not completed before the statute of limitations expired.
 - d. Line 404, No. Convictions Obtained. Enter the number of convictions obtained during the report period, regardless of when prosecution was recommended. Count as convictions such court imposed actions as Probation Before Judgment, Pre-Trial Diversion Agreement, Suspended Imposition, or other similar deferred sentencing programs.
 - e. Line 405, No. Cases Referred for Civil Action. Enter the number of cases referred to State/local courts in order to obtain a formal decision (judgment) for collection of an outstanding overpayment.
 - f. Line 406, No. Civil Actions Obtained. Enter the number of cases where a formal decision was rendered by a court to effect recovery of an outstanding overpayment, i.e., liens on real or personal property, garnishments or attachments on property or wages, etc.
5. Section E. Aging of Benefit Overpayment Accounts. All States are required to identify the date an overpayment was established (the date the debt was incurred). The aging schedule will provide the amount of overpayments outstanding, which are debts owed the States (accounts receivable), from the date the overpayment was established. For the purpose of this report, the date an overpayment is established is the date the overpayment determination was issued. The aging schedule will consist of benefit overpayment account categories that have been established for: 90 days or less; 91-180 days; 181-270 days; 271-360 days; 361-450 days; and 451 days or more. The amount to be reported for each benefit overpayment account should reflect the outstanding balance (accounts receivable) owed the State at the close of business on the date the report is prepared. The total of accounts receivable Line 507 must equal Line 208 for each report period.

Dollar amounts of overpayment accounts should not be reported more than once in Lines 501-506 for any single reporting period, and on each subsequent report the dollar amount of any remaining balance will move to the next older aging category. For example, an overpayment of \$100 has been established and becomes final on October 18, 1998. If a repayment of \$50 is made in May

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1999 and no further repayment is made, the amount of such overpayment would be reported as follows:

<u>Report period ending</u>	<u>Report</u>
12/31/1998	Line 501 - \$100
03/31/1999	Line 502 - \$100
06/30/1999	Line 503 - \$ 50
09/30/1999	Line 504 - \$ 50
12/31/1999	Line 505 - \$ 50
03/31/2000 and beyond	Line 506 - \$ 50

The amount of overpayments outstanding in the State's accounts receivable by fraud and nonfraud under this Section should not be a cumulative amount from quarter to quarter.

- a. Lines 501-506, Time Periods for Accounts Receivable. Enter on the appropriate line for Columns 21 and 22, the amounts of fraud plus nonfraud overpayment dollars that are outstanding in the accounts receivable for the applicable time period.
 - b. Line 507, Total of Accounts Receivable. Enter total of Lines 501, 502, 503, 504, 505, and 506 for each column.
6. Remarks/Comments. Explain any significant variations from the norm. For Line 308, any "new hire" data or data from experimental detection methods used by the State agency may be identified separately here.