

**Colorado Department of Labor and Employment
Unemployment Insurance Integrity Strategic Plan
Summary
January 2012**

In order to identify and eliminate overpayments in Colorado's Unemployment system and to prevent future overpayments, the following summary highlights some of the key management measures being implemented; these are organized by three strategies: Prevention, Detection, and Collection.

TARGETS AND TIMELINES

The following 1-year target to prevent improperly paid benefits and 3-year targets to reduce, detect, and recover improperly paid benefits reflect the projected results of these efforts.

Prevention: Currently the Unemployment Insurance ("UI") Program's improper payment rate is 18.65 percent.

- 1 By March 31, 2012, Colorado will reduce its improper payment rate from 18.65 percent to less than or equal to the approximate national average of 11.40 percent.
- 2 By September 30, 2012, Colorado will reduce its previous year's improper payment rate from 12 percent to less than or equal to the Improper Payment Elimination and Recovery Act's ("IPERA") acceptable level of 10 percent.

Detection: Colorado's current detection rate is 42 percent (*Detection rate on State Trust Fund Regular benefits is up 60% since 2008*). The corrective action plan to achieve detectable/recovery overpayments established for recovery provides the following 3-year targets.

- 1 By September 30, 2012, Colorado will increase its detection rate from 42 percent to 52.3 percent.
- 2 By September 30, 2013, Colorado will increase its detection rate to 54 percent.
- 3 By September 30, 2014, Colorado will increase its detection rate to 60 percent.

Collection: The current overall recovery rate is 35.61 percent (*Recovery rate on State Trust Fund Regular benefits is 69%*).

- 4 By September 30, 2012, Colorado will improve its collection rate by 10 percent, which equates to 39.17 percent.
- 5 By September 30, 2013, Colorado will improve its previous year's collection rate by 10 percent, which equates to 43.09 percent.
- 6 By September 30, 2014, Colorado will improve its previous year's collection rate by 10 percent, which equates to 47.40 percent.

2011 IMPROPER PAYMENT RATE IMPROVEMENT EFFORTS

Based on available 2011 Benefit Accuracy Measurement ("BAM") data, Colorado's estimated improper payment rate is 15.21 percent, which is down from 2010. Of total benefit payments made, 14.74 percent was overpaid, and 0.47 percent was underpaid. The 2011 estimated improper payment rate for overpayments is attributable to the following causes: 3.01 percent for benefit-year-earnings, 2.71 percent to separation issues, 5.89 percent to work search issues, and 3.13 percent to other miscellaneous causes. During the fourth quarter of 2011, a significant improvement was seen in the improper payment rate. Based on the available BAM data, the improper payment rate for the quarter was 12.59 percent, with the root causes being 3.24 percent from benefit-year-earning issues, 3.10 percent from separation issues, and 2.36 percent from other-pay issues. The percentage of improper payments resulting from work search issues is reduced to 1.23 percent. The reduction in work search issues is a result of procedural changes made in October 2011 and further reductions are anticipated due to stricter regulations regarding work search that became effective January 1, 2012.

MILESTONES

The approach centered on education and training of staff, claimants, and employers, provides a comprehensive listing of actionable steps to get Colorado's improper payment rate down. The following milestones have been identified to accomplish the prevention, detection, and collection goals.

Milestone/Task	Target	Status
Publish names of convicted fraud offenders as a deterrent	Quarterly	Names of convicted offenders are being published on a quarterly basis

Change procedures used by BAM investigators regarding a claimant's failure to return the BAM questionnaire	10/2011	As of the beginning of October, BAM investigators are denying payment of benefits for the week the questionnaire was due forward.
Train Employer Services auditors to communicate with employers the importance of returning requested correspondence	10/2011	Training was complete in late October 2011. All auditors that have the opportunity to visit with employers routinely stress the importance of returning correspondence to help set up overpayments which in turn helps the Unemployment Trust Fund.
Institute a Fraud Amnesty Program to allow claimants to self identify fraudulent collection of UI benefits while working but avoiding time and monetary penalties	10/2011	The amnesty program was in place from October through December 2011. Over the course of three months, approximately 90 claimants applied for amnesty. Each claim is being reviewed for eligibility and will be processed appropriately after verification is received from the employers.
Increase staff resources focusing on improper payment issues	11/2011	The Unemployment Insurance Program underwent a reorganization that was effective on 11/01/2011. This reorganization placed more resources in front-line services for payment of benefits, as well as 10 new resources to identify improper payments and handle recoveries.
Explore changing current process under which issues related to failure to register with the workforce center and when claimants enter hours but not wages on internet and IVR are cleared.	11/2011	The process was changed and issues are no longer being automatically cleared. Issues are sent to an adjudicator for further analysis and action.
Update Overpayments FAQs on CDLE website	11/2011	These FAQs were updated in November with emphasis on accurate reporting by claimants to avoid overpayments; the potential consequences of fraud overpayments; the methods for requesting a waiver of the overpayment and repayment methods.
BAM investigators to take online classes through USDOL and SQL Report Training	11/2011	Some of the BAM investigators attended on online USDOL course in December. The investigators will continue to attend online training as it is offered. One of the BAM investigators attended SQL report training in November. Additionally, all BAM investigators along with several Claimant Services specialists (call center and adjudication) are attending USDOL-sponsored training at CDLE from January 9-13, 2012.
Establish targeted outbound call campaign	12/2011	An outbound call campaign was created and implemented to remind claimants to report first-time reported earnings when requesting payment of benefits and job-separation information when they stop reporting earnings while requesting payment of benefits, but no job separation was indicated. Obtained permission from Office of Child Support Enforcement from U.S. Department of Health and Human Services to use National Directory of New Hires matches to initiate an outbound call campaign. The campaign would remind claimants to report all earnings if they continue to request payment for UI benefits.
Use Quarterly Tax Newsletter to educate employers on their role in reducing overpayments	12/2011	An article to educate employers on their role in reducing overpayments is in the 2011 fourth quarter newsletter. An article will continue to be included in future newsletters.

Update claimant handbook to clarify work search requirements, reporting hours and earnings requirements	12/2011	The update to the handbook has been delayed while the CDLE Public Relations office reviews proposed changes. The updated handbook is expected to be available in April 2012 and will provide better communication to claimants on rules and necessary follow through on areas that have led to improper benefit payment errors.
Revise regulations to provide more specific work search, work search record-keeping, and record-retention requirements	01/2012	Held public hearing to amend the rules and adopted rules in November. Finalizing the language of the formal warning letter associated with new rules; establishing a system marker in the UI Program's system for tracking; and establishing procedures for flagging and auditing claimants that receive such a warning. All items are to be implemented January 1, 2012.
Include reminders on quarterly premium statements	01/2012	A brief reminder was included on the 2011 fourth calendar quarter statement.
Update BAM written policies and procedures	01/2012	Updates to the procedure manual were drafted in August 2011. With input from USDOL, the manual will be finalized by the end of January in conjunction with on-site training from our Region officer personnel.
Provide information on work search requirements in hold messages heard by callers	01/2012	Language for the hold messages will be proposed in January to be available by the end of the month.
Update the scripts in the IVR and online systems used by claimants to request payment	02/2012	Language for the scripts is in the initial drafting stage.