

EMPLOYMENT AND TRAINING ADMINISTRATION ADVISORY SYSTEM U.S. DEPARTMENT OF LABOR Washington, D.C. 20210	<b>CLASSIFICATION</b> UI
	<b>CORRESPONDENCE SYMBOL</b> OWS/DPM
	<b>DATE</b> August 31, 2005

**ADVISORY:** UNEMPLOYMENT INSURANCE PROGRAM LETTER No. 31-05

**TO:** STATE WORKFORCE AGENCIES

**FROM:** CHERYL ATKINSON s/s  
 Administrator  
 Office of Workforce Security

**SUBJECT:** Publication of Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) Data for Calendar Year (CY) 2004

1. Purpose. To notify State Workforce Agencies of the publication of CY 2004 UI BAM paid and denied claims data and to provide an Executive Summary of the data.
2. Reference. Unemployment Insurance Program Letter (UIPL) No. 17-05.
3. Federal Publication of BAM Data. The Department of Labor (DOL) has published the CY 2004 BAM analytical report on the Employment and Training Administration's Web site: <http://workforcesecurity.doleta.gov/unemploy/bam/2004/bam-cy2004.asp>.

This analytical report includes detailed cause, responsibility, and prior agency action data for four overpayment rates:

- a. **Operational Rate** -The operational overpayment rate includes overpayments that the states are reasonably expected to detect and establish for recovery through their usual operating procedures. The operational rate is a component of DOL's overpayment detection measure under the Government Performance and Results Act and a Core Measure of states' performance under UI Performs, the performance measurement system for UI.
- b. **Annual Report Rate** - The Annual Report rate includes fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, official action taken to reduce future benefits, and payments that are technically proper due to finality or other rules. All causes and responsible parties are included in this rate.

<b>RESCISSIONS</b> None	<b>EXPIRATION DATE</b> August 31, 2006
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- c. **Agency Error Rate** - This rate includes overpayments for which the state agency was either solely responsible or shared responsibility with claimants, employers, or third parties, such as labor unions or private employment referral agencies. The rate includes fraud, nonfraud recoverable overpayments, nonfraud nonrecoverable overpayments, official action taken to reduce future benefits, and payments that are technically proper due to finality or other rules.
- d. **Fraud Rate** - The definition of unemployment compensation fraud is determined by each state and varies from state to state. The rate includes all causes and all responsible parties.

In addition to data on overpayments, the analytical report includes detailed cause, responsibility, and prior agency action data for improper monetary, separation, and nonseparation denials. Data on overpayment rates by initial and continued claim filing method, paid and denied claims error rates per UI workload measures, and a list of state contacts for public inquiries about the BAM data are also included in the report. The attached Executive Summary includes paid and denied claims accuracy rates for CY 2003 and CY 2004; paid claims cause and responsibility data for CY 2000 to CY 2004; and BAM accuracy rate definitions.

Although states are no longer required to publish BAM data, states may choose to release their BAM data to the public independent of the Federal release.

- 4. Action. State Administrators are requested to provide copies of this information to the appropriate staff.
- 5. Inquiries. Questions should be directed to the appropriate regional office.
- 6. Attachment. Executive Summary: Calendar Year (CY) 2004 Benefit Accuracy Measurement Data.

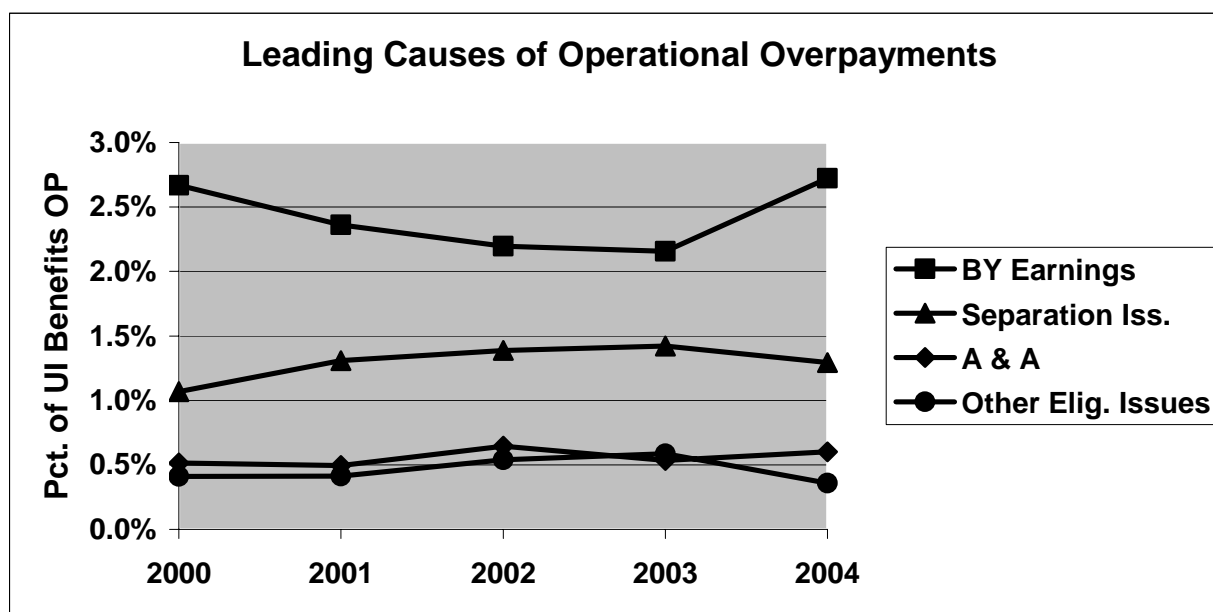
**Executive Summary:  
Calendar Year (CY) 2004 Benefit Accuracy Measurement Data**

**Paid Claims Accuracy**

	CY 2004	CY 2003	Change CY 2003 - CY 2004
<b>Amount of UI Benefits Paid</b>	\$34.44 B	\$40.97 B	- \$6.53 B
<b>Overpayments:</b>			
<b>Operational %</b>	5.28%	4.98%	+ 0.30
<b>Operational \$</b>	\$1.82 B	\$2.04 B	- \$0.22 B
<b>Annual Report %</b>	9.92%	9.31%	+ 0.61
<b>Annual Report \$</b>	\$3.42 B	\$3.81 B	- \$0.39 B
<b>Underpayment %</b>	0.67%	0.63%	+ 0.04
<b>Underpayment \$</b>	\$230.1 M	\$257.1 M	- \$27.0 M

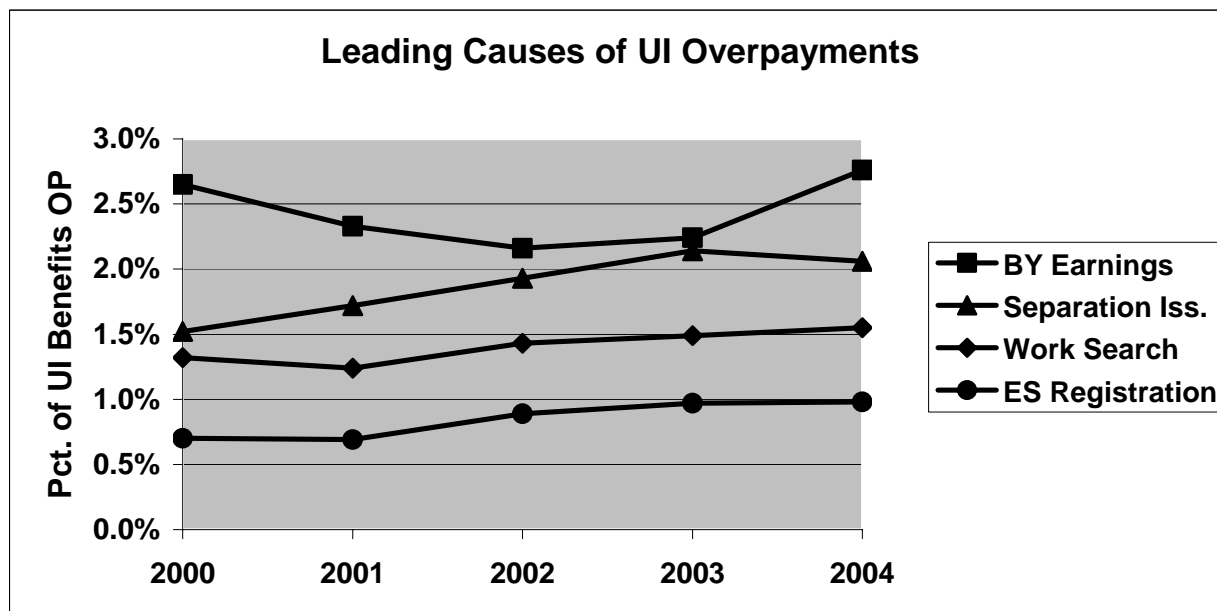
**Overpayment Cause Trends -- Operational Overpayments**

UI benefits paid to individuals who are working account for over half of the operational overpayments. This type of overpayment increased from 2.16 percent of UI benefits paid in CY 2003 to 2.72 percent of UI benefits paid in CY 2004. Issues related to separation from employment, the second leading cause of operational overpayments, decreased slightly in CY 2004. In each of the years 2000 to 2004, less than one percent of UI benefits paid were overpaid due to able and available (A & A) and other eligibility issues.



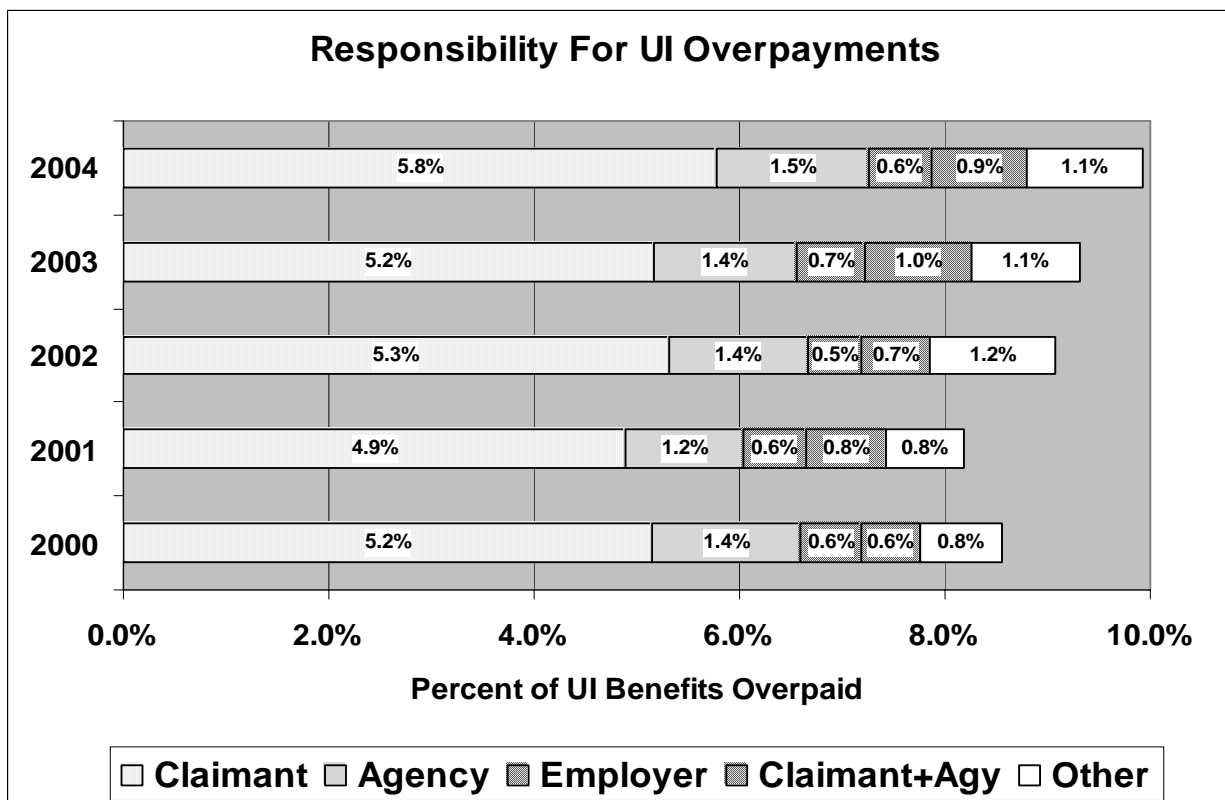
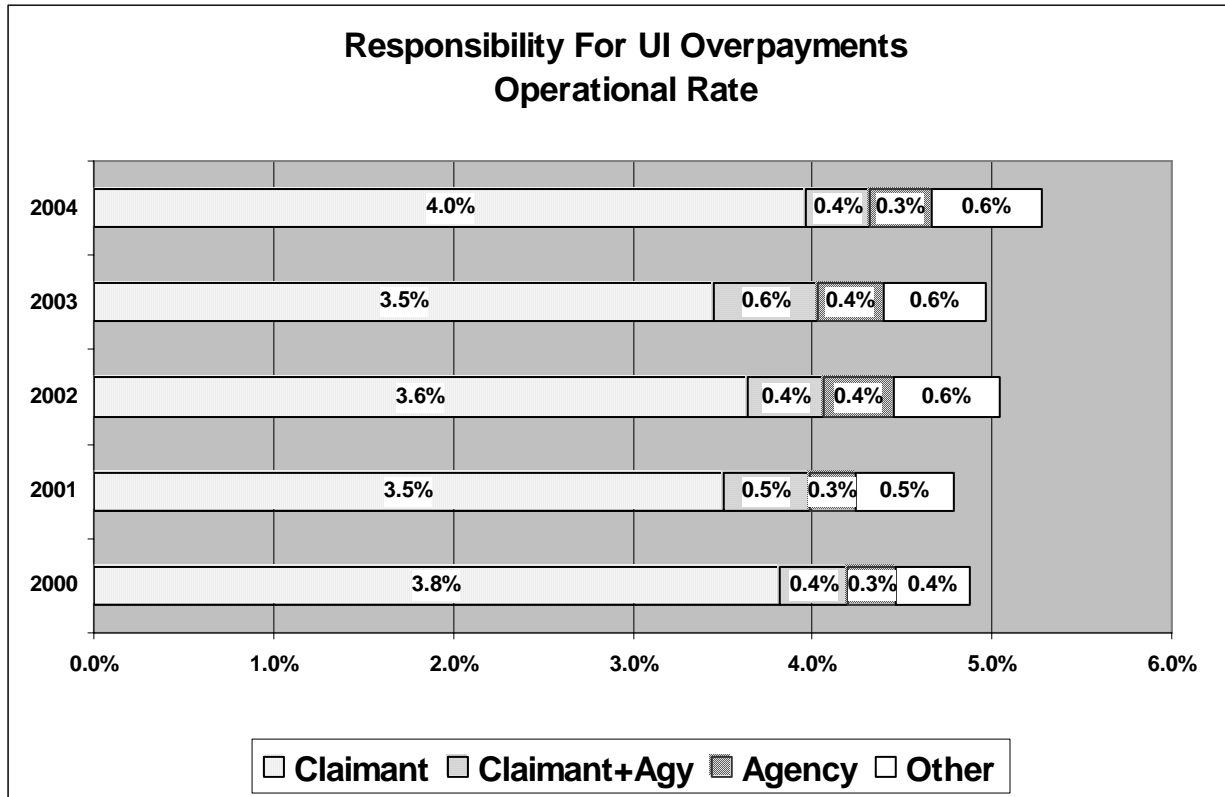
## Overpayment Cause Trends -- Annual Report Rate

As with the operational rate, benefits paid to individuals who are working account for the largest proportion of overpayments, and separation from employment issues have been the second leading cause of overpayments in recent years. Work search issues, the third largest cause of overpayments, increased for the third consecutive year. Employment Service registration issues, the fourth leading cause, was essentially unchanged from the previous year.



## Overpayment Responsibility Trends

The following two charts show responsibility data for UI overpayments for CY 2000 to 2004. Claimants are responsible for the majority of overpayment errors for both the annual report rate and the operational rate. The distribution of overpayments by responsibility changes little from year to year. The responsibility categories claimant and employer, employer and agency, and third parties account for very small percentages of the overpayment errors and are displayed as part of the "Other" category.



<b>Denied Claims Accuracy</b>
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The underpayments estimated from BAM paid claims samples represent underpayments only for those claimants eligible for unemployment compensation (UC). Underpayments also result when claims for UC are erroneously denied. Each week, BAM units in the State Workforce Agencies select samples of denied UC claims from three populations, defined by the type of issue on which the denial was based -- monetary, separation, and nonseparation (continued eligibility). Results for CY 2004 and CY 2003 are summarized in the following table. The adjusted improperly denied rates exclude those denials for which the state agency had issued a redetermination establishing eligibility independent of the BAM investigation and denials that were reversed on appeal.

	<b>CY 2004</b>	<b>CY 2003*</b>	<b>Change CY 2003 - CY 2004</b>
<b>Monetary Denials</b>			
<b>Number of Monetary Denials</b>	1.22 M	1.23 M	- 0.01 M
<b>Improperly Denied</b>	14.22%	11.34%	+ 2.88
<b>Adjusted Improperly Denied</b>	9.20%	6.87%	+ 2.33
<b>Separation Denials</b>			
<b>Number of Separation Denials</b>	2.11 M	2.17 M	- 0.06 M
<b>Improperly Denied</b>	8.28%	8.01%	+ 0.27
<b>Adjusted Improperly Denied</b>	5.98%	6.16%	- 0.18
<b>Nonseparation Denials</b>			
<b>Number of Nonseparation Denials</b>	2.08 M	2.18 M	- 0.10 M
<b>Improperly Denied</b>	11.80%	11.78%	+ 0.02
<b>Adjusted Improperly Denied</b>	9.45%	9.34%	+ 0.11

\* CY 2003 data exclude Michigan, which did not complete a sufficient number of sample cases to produce statistically reliable estimates.

## BAM Accuracy Rate Definitions

Rate	Sample Type	Action Code	Cause
Annual Report	1 - Paid Claims	10 - Fraud 11 - Nonfraud recoverable 12 - Nonfraud nonrecoverable 13 - Technically proper due to finality rules 15 - Technically proper due to rules other than finality or formal warning rule	All cause codes.
Operational	1 - Paid Claims	10 - Fraud 11 - Nonfraud recoverable	100-159 Benefit year earnings 300-329 Separation 400-419 Able and available 430-439 Refusal of suitable work 440-449 Self-employment 450-459 Illegal alien status 470-479 Other eligibility issues 480-489 Identity theft 500-519 Dependents
Underpayment	1 - Paid Claims	BAM investigation determines that the payment was too small:  20 - Supplemental check issued/offset applied or increase in weekly benefit amount (WBA), dependents' allowance (DA) entitlement, maximum benefit amount (MBA), or remaining balance (RB). 21 - Technically proper due to finality rules. 22 - Technically proper due to rules other than finality.	All cause codes.

## Attachment

Rate	Sample Type	Action Code	Cause
Improperly Denied	2 - Monetary 3 - Separation 4 - Nonseparation	<p>BAM investigation determines that the denial determination was improper or benefit payment was too small:</p> <p>20 - Official agency action finds the claimant to be eligible for a supplemental check issued/offset applied or increase in WBA, DA, MBA, or RB.</p> <p>21 - Technically proper due to finality rules.</p> <p>22 - Technically proper due to rules other than finality.</p> <p>23 - Supplemental check issued/offset applied which was later officially reversed, revised, adjusted or modified, and BAM disagrees with the official action.</p> <p>24 - No payment is due to the claimant.</p>	<p>For Action codes 20-23: All causes <u>except</u> 700 - 729.</p> <p>For Action code 24: 710-719: Claimant not entitled to benefits due to other issues affecting the claim. 720-729: Claimant not entitled to benefits because no week was claimed. (Codes valid only for Sample Type 3 or 4.)</p>
Adjusted Improperly Denied	2 - Monetary 3 - Separation 4 - Nonseparation	<p>Same as Improperly Denied <u>minus</u>:</p> <p>Prior Agency Action codes 20-29: Agency was in the process of resolving issue and took correct action before DCA investigation completed or agency had correctly resolved issue prior to sample being selected.</p> <p>- or -</p> <p>Results of Appeal of Initial Determination codes 1 - affirmed, eligible; or 3 - reversed, eligible.</p>	<p>For Action codes 20-23: All causes <u>except</u> 700 - 729.</p> <p>For Action code 24: 710-719: Claimant not entitled to benefits due to other issues affecting the claim. 720-729: Claimant not entitled to benefits because no week was claimed. (Codes valid only for Sample Type 3 or 4.)</p>