

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

1. Organization and Responsibility. Interstate benefit payment control is: the prevention, detection and recovery of overpayments to individuals filing under the Interstate Benefit Payment Plan (IB Program) and the Interstate Arrangement for the Combining of Employment and Wages (CWC) Program; locating individuals with outstanding overpayments who have relocate to another State; and the recovery of overpayments from individuals who have relocated to another State.

For a SESA's interstate benefit payment control program to operate efficiently and effectively, it may be necessary for the activities to be assigned to a specific individual(s) in the agency's benefit payment control unit.

2. Interstate Cooperation. Cooperation among States is necessary to aid in recovering overpayments when the claimant is located out-of-State. Without the assistance of other States, a SESA has limited ability to recover overpayments from out-of-State residents. Generally, most overpayments are recovered by using benefits payable to offset the overpayment. This recovery tool is not available when the individual's subsequent entitlement is under another State's law, unless there is a system of interstate cooperation. The increase in the number of interstate overpayments being detected as a result of the implementation of the Interstate Crossmatch and Claimant Locator System lend support to the need for interstate cooperation in recovering overpayments.

When a debtor resides out-of-State and reasonable efforts to recover the overpayment have not been successful, it is suggested that the State consider requesting assistance from the State in which the claimant is located or with which the claimant has a benefit claim on file. In making such a request, the procedures, as outlined in the Handbook for Interstate Overpayment Recovery, must be followed.

States which lack the authority to recover an overpayment for another State should review their law or policy, and if necessary, seek a change in the law to provide such authority. Suggested language has been provided in UIPL 50-86.

3. Handbook for Interstate Overpayment Recovery. This Handbook is an alphabetical compilation of pages prepared by each State to provide a reference directory when assistance with benefit payment control is needed from another State.

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

4. Interstate Crossmatch and Claimant Locator. The Crossmatch is used to match benefit claims in the Liable State against wage and benefit files in the Agent/Residence State. The Claimant Locator is used to locate claimants with outstanding overpayments who cannot be located through the normal intrastate procedures. Normally these claimants no longer reside in the record holding State.

5. Preparation of Crossmatch Request. Liable States should extract lists of interstate claimants from benefit files to be matched to the Agent State's wage record/benefit files and prepare the transmission record in the prescribed data format.

If the claimant filed from two or more Agent States, during the audited quarter, repeat the record for each Agent State. States may consider matching interstate claimants with the records of a State bordering the Agent State when the labor market area for the claimant's residence includes the border State. Liable States should not broadcast crossmatch records, nor should a request be directed to each State for the same claimant.

6. Preparation of Claimant Locator Request. It is suggested that this list include only those claimants with outstanding overpayments who cannot be located through the normal intrastate locating procedures.

7. Transmission of Crossmatch/Locator Request. Send the Crossmatch and/or Claimant Locator listing to the designated HUB via ICON or by tape. Requests must be received at the crossmatch host HUB before the close of business (based on time zone of the responsible HUB) of the last business day of the third week ending in the fourth month following the end of the quarter being matched. SESAs may begin transmission of requests ten (10) days prior to the deadline date. Requests received after the due date will not be processed.

8. Using Locator Responses to Contact Claimant. Positive responses to Claimant Locator inquiries should be used by the Benefit Payment Control Collection Unit for contacting claimants. When the response indicates that the claimant is filing in another State, the claim holding State should be contacted for assistance under the Interstate Reciprocal Overpayment Recovery Arrangement, as appropriate. When the response indicates that the claimant is employed, the employer should be contacted to obtain the claimant's current address.

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

9. Selecting Interstate Cases for Follow-up. When a "hit" response is received as a result of a wage crossmatch request, cases should be selected for follow-up by applying the State probability index or other selection criteria. After cases are selected, prepare Form IB-8605 for each employer to request a breakdown of earnings. Completion instructions are printed on the form. States may wish to request prior or lag quarter earnings in order to match the entire period in which benefits were claimed.

A second request should be sent if the employer does not respond to the initial request. When an employer fails to respond to the second request, the employer should be contacted by telephone and encouraged to cooperate. If the employer still refuses to cooperate, and the amounts involved are significant, contact the responding State's Benefit Payment Control Unit for assistance in obtaining the information from the employer.

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

- a. Interstate Unemployment Insurance Benefit Payment
Audit, Form IB-8605, (8 1/2 X 11)

(1) Face of Form

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

(2) Reverse of Form

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

(3) Purpose and Use. The Form IB-8605 is used to obtain information from the employer pertaining to the specific number of hours, the dates and the weeks worked, and the earnings during the audit quarter.

(4) Number of Copies and Distribution. This form should be printed as a three copy letter sized (8 1/2 X 11) assembly. Different color stock may be used. The request should be prepared in triplicate and distributed as follows: original - to the employer; duplicate - second request to the employer; triplicate - file copy. Computer generated forms should follow the same format as prescribed for pre-printed forms.

If Form IB-8605 is computer generated and mailed, procedures should provide for generating a second request and maintaining a record of the original request.

10. Interstate Crossmatch/Locator Results. SESAs are encouraged to maintain a record of the number of overpayments established and the number of claimants located for internal management purposes.

11. Preparation of Crossmatch/Claimant Locator Response. All requests, whether coded "1" or "3", should be matched with wage record and benefit history files to determine if the claimant has wages or a claim on file.

(a) If a code "1" or "3" request has a "hit" in the wage file, the requesting State should be provided with the employer's name and address.

(b) If a code "1" request has a "hit" in the benefit file, the requesting State should be notified by entry in position 407.

(c) If a code "3" has a hit in the benefit file, the requesting state should be provided with the claimant's name of record and the most recent address of record.

12. Transmitting Crossmatch and Claimant Locator Responses to the HUB. Responses to all inquiries must be received via transmission or tape by the close of business of the last business day of the first week ending in the fifth month following the quarter matched (Exception: When fifth month begins on Saturday, responses are due the following Friday). The

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

response should list "hits" only, i.e., crossmatch claimants with earnings reported; and, locator claimants with employers' names and addresses or claimant addresses provided.

13. Providing Assistance to Other States. States are encouraged to provide assistance to other States in obtaining information from local employers and claimants, and with overpayment recovery and/or prosecutions.

14. HUB Responsibilities.

a. Sorting and Forwarding Requests. The HUB will sort and forward all requests received for the match quarter by the last business day of the third week of the fourth month following the end of the match quarter. Requests received after the deadline will not be processed.

b. Sorting and Forwarding Responses. All responses received by the due date will be sorted and forwarded to the appropriate State by the 12th day of the month. (Exception: when the 12th falls on a weekend, records will be forwarded on the prior Friday.) When responses are received after the due date, whether or not they will be sorted and forwarded will be decided on a case by case basis depending on volume.

15. Arrangement with the Office of the Inspector General (OIG).

a. Referral of Interstate Federal Program Cases to the OIG. Claimant fraud cases resulting from claims filed under all Federal programs (i.e., UCFE, UCX, TAA, REPP, DUA, EUC) must be reviewed for referral to the Regional OIG. All claims that meet the established criteria must be referred to the Regional Inspector General for Investigations (RIGI) in accordance with the established procedures. See the appropriate Federal program handbook for referral criteria and procedures.

b. Referral of Interstate State Program Cases to the OIG. Each SESA is encouraged to formulate an arrangement with the Regional OIG regarding the referral criteria for fraudulent interstate claims filed under the regular State UI program. Based on the arrangement, the SESA would refer all fraudulent interstate claims meeting the established criteria to the RIGI.

16. Establishment of Overpayment. Whether the claim involves

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

State or Federal programs, the SESA will establish an overpayment in accordance with the provisions of the State law.

17. Collection of Overpayments. The SESA should seek to recover all overpayments through a comprehensive and uniformly applied collection program that is at least equal to its collection program under the intrastate program. The program for collection of interstate overpayments should include all debt collection procedures reasonably available to the SESA, including interstate assistance.

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

18. Interstate Request For Overpayment Recovery, Form IB-8606,
(8 1/2 X 11)

a. Face of Form

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

b. Purpose and Use. The Form IB-8606 is used to request another State to recover an overpayment and provide notice of such request to the claimant.

c. Number of Copies and Distribution. This form should be printed as a three copy letter sized (8 1/2 X 11) assembly. Different color stock may be used. The request should be prepared in triplicate and distributed as follows: original -to the Agent State; duplicate - to the claimant; triplicate -file copy.

If Form IB-8606 is computer generated, procedures should provide for maintaining a record of the request. Computer generated form should follow the same format as prescribed for the pre-printed form.

19. Issuance of an Interstate Request For Overpayment Recovery. Prior to a request for overpayment recovery, a determination must have been issued, in accordance with the Secretary of Labor's Standard for Claim Determinations, Part V, Employment Security Manual, and must be final. All determinations pertaining to waiver or postponement of recovery must also be final. This does not apply when a claim is being cancelled or withdrawn, resulting in an overpayment, and a substitute claim is being filed. In such case, notice of the overpayment should accompany the initial claim and the appropriate documents forwarded immediately.

20. Interstate Overpayment Offset. The Social Security Act, Section 303(g)(1), requires that any interstate offset of an overpayment "...shall be made only in accordance with the same procedures relating to notice and opportunity for a hearing as apply to the recovery of regular unemployment compensation paid by such State." Therefore, the State receiving the Interstate Request For Overpayment Recovery must follow procedures relating to a notice to the claimant and opportunity for a hearing as apply under the recovering State's law.

The recovering State should offset the weekly benefit amount to the same extent as for the same type (fraud or nonfraud) intrastate overpayment.

a. Interstate Cross-program Offset. The recovering State will use Federally funded benefits to offset a State program overpayment for another State only when both recovering and requesting States have a signed reciprocal agreement in effect

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

with the U. S. Secretary of Labor pursuant to Section 303(g)(2) of the Social Security Act. Special provisions for the use of offset from Federal program payments such as a specified amount of the weekly benefit payment and period of time that offset may be used shall be applicable under this program.

b. Notice of Determination to Recover Overpayment. Each State should develop a notice and issue a determination that includes, at a minimum, the following information:

- (1) the statutory authority under which the determination to recover the overpayment is issued;
- (2) the name of the State requesting recoupment;
- (3) the amount of outstanding overpayment balance as certified by the requesting State;
- (4) the date of the original notice of determination of overpayment;
- (5) type of overpayment (fraud or nonfraud as reflected in the original determination);
- (6) program type (UI, UCFE, UCX, TRA, etc.);
- (7) the amount to be offset weekly; and,
- (8) the right of appeal.

These determinations must be in accord with the Claim Determinations Standard. (E.S. Manual, Part V, Section 6000)

The recovering State will determine the amounts that will be offset under its law. However, the original overpayment determination of the requesting State is not subject to redetermination by the recovering State. Any issues raised concerning the overpayment determination or the outstanding balance to be recovered should be addressed to the requesting State rather than the recovering State.

21. Priorities of Overpayment Offset.

(a) Recovery of Interstate Overpayments. When a SESA receives a request for recoupment from more than one State, after

SECTION IX - INTERSTATE BENEFIT PAYMENT CONTROL

any intrastate overpayment has been satisfied, the oldest overpayment determination will be given priority except as in (b) and (c) below.

(b) Recovery of Outstanding Overpayment in a Combined Wage Claim Transferring State. The paying State shall offset any overpayment outstanding in a transferring State(s) prior to honoring a request from any other State, except as described in (c) below. If there is an overpayment in more than one transferring State, a pro-rated portion of the offset should be applied to each participating State's overpayment by the paying State. The paying State shall credit the deductions against the Statement of Benefits Paid to Combined Wage Claimants, Form IB-6, or immediately forward a check to the transferring State.

(c) Recovery of Overpayments that Result from the Withdrawal or Cancellation of a Combined Wage Claim. When a combined claim is cancelled or withdrawn and the condition for withdrawal is that the claimant repays the benefits paid in full or authorizes the State against which a substitute claim is filed to offset the overpayment, the State accepting the substitute or subsequent claim under such conditions will offset the overpayment prior to the release of any payments to the claimant.

22. Recordkeeping and Disbursement of Recovered Monies. The recovering State will:

(a) provide the claimant with a receipt for the amount of the benefits offset;

(b) at the time of the offset or no less than monthly, prepare and forward a check representing the amount recovered made payable to the requesting State (except as provided in Section 21 b.); and,

(c) retain a record of the overpayment balance in its files until the exhaustion of regular, additional, supplemental, extended, or any other benefit extension or the end of the benefit year of the claim on file, whichever is the later.