



TO: Members of the Economic Affairs Interim Committee
FROM: Paul Martin, Administrator, Unemployment Insurance Division
DATE: August 26, 2022
RE: Report for UI Program Integrity Act

Members of the Committee:

39-51-706 MCA requires the Department of Labor & Industry to report to the Economic Affairs Interim Committee, in accordance with 5-11-210, on the administration of the UI Program Integrity Act. Specifically, the statute requires the Department to report on five (5) distinct matters. Those requirements, with the Department's report on each, are below:

39-51-706. Department duties – integrity data hub – review of information – reporting to legislature. *The department of labor and industry shall:*

(1) engage with and utilize a commercially available database to verify the integrity of the state's unemployment insurance rolls;

The Unemployment Insurance Division has a participation agreement with the National Association of State Workforce Agencies (NASWA) UI Integrity Center. The UI Fraud team runs a daily crossmatch of Montana's initial claims against the resources available through the UI Integrity Data Hub (IDH). This includes suspicious actor records submitted by other states, multistate crossmatch records for other state claims as well Bank Account Verification. With most states submitting, this central data repository allows UI programs to easily identify high traffic or suspect IP addresses, emails and fake employer accounts.

(2) on a weekly basis, check the unemployment insurance rolls against the department of corrections list of incarcerated individuals to verify eligibility and ensure program integrity;

The Unemployment Insurance Division signed a MOU with the Montana Department of Corrections following the last legislative session. UI runs a daily crossmatch of UI claimants against the DOC incarceration information. The resulting crossmatch is reviewed by the Fraud Department. The crossmatch also generates an internal issue driver for our claims personnel to alert them to possible claimant incarceration issues. A management query report is also available and can be used to query all crossmatch hits by claimant or by time period.

Montana UI is also the first state in the nation to be up and running with the Prisoner Update Processing Systems (PUPS) in partnership with NASWA and the Social Security Administration (SSA). SSA and the NASWA UI Interstate Connection Network (ICON) provide states access to prisoner

information to aid in determining eligibility for UI benefits.

(3) on a weekly basis, check the unemployment insurance rolls against the national directory of new hires to verify eligibility;

The Unemployment Insurance Division submits data weekly to crossmatch against the National Directory of New Hires. If a claimant is reporting as working while also claiming UI benefits, the Claims Investigation staff will conduct a review.

(4) have the authority to execute a memorandum of understanding with any department, agency, or division for information required to be shared between agencies as outlined in this part;

The Department has this authority and has executed the aforementioned MOU with the Department of Corrections to this end.

(5) if it receives information concerning an individual receiving unemployment insurance benefits that indicates a change in circumstances that may affect eligibility, review the individual's case; and

When information is received on a claimant, an issue is created stopping pay if warranted. Once the investigation is complete (and if the issue remains bona-fide), an adjudication is performed which can impact the claim in several different ways. The issue(s) adjudicated and their outcomes determine the severity of the consequences.