

## CHAPTER V CLASSIFYING PROPRIETY OF PAYMENTS

1. **Introduction.** The outcome of each case investigated is a set of data about that claim and classification as to whether or not the payment was proper. Each payment sampled for BAM must be accounted for in the coding and analysis of program data, because a single case represents a very large number of payments in the statewide population. At the end of a set measurement period, the coded findings of all completed cases are analyzed on the basis of information available.

The previous chapter (IV) contains the definitions of all data elements collected during the investigation of each sampled case (screens B-G). This chapter provides specific instructions for recording the propriety of payments and for closing cases (screen H) and classifying errors detected during the investigations (screen I).

There are 11 elements in Screen H:

(h1)	Key Week Action Code Flag
(h2)	Amount That Claimant Should Have Been Paid
(h3)	Total Dollar Amount of Overpayments
(h4)	Total Dollar Amount of Underpayments
(h5)	Total Overpayment Amount for Key Week
(h6)	Total Underpayment Amount for Key Week
(h7)	Investigation Completed
(h8)	Investigation Completion Date
(h9)	Supervisory Review Completed
(h10)	Supervisor Completion Date
(h11)	Supervisor Identification

2. **Coding Proper Payments.** Most cases are proper, and the system is designed to accommodate this condition. When the investigator has completed the case and entered all of the codes onto screens B-G and determined that the case is a proper payment, a "1", "2", or "3" is entered in the "Key Week Action Code Flag" (h1) element. Most of the time the investigator will enter "1" as a correct payment/offset. Below are the codes for correct payments for this data element:

**(h1) Name:** Key Week Action Code Flag

Short Name: Action Code Flag

1 = Correct payment/offset.

2 = Overpayment established or WBA, Key Week dependents' allowance (KWDA) entitlement, MBA, or remaining balance (RB)

decreased which was later "officially" reversed. BAM agrees with the "official" action.

- 3 = Supplemental check issued/offset applied, which was later "officially" reversed. BAM agrees with the "official" action.

**3. Coding Improper Payments.** The payment error coding system accommodates underpayments as well as overpayments. Multiple actions taken for a single issue, multiple issues detected for a single case, and various extents of agreement or disagreement between the BAM unit and other units in the UI system concerning official policy or actions taken for the sampled cases also are provided for. As a result, the instructions for assigning the Key Week codes reflect many complexities that may occur.

The payment error coding system records findings of case investigations as applied to official (written) policies. It is important to clarify the relationship between BAM and the formal UI system, as BAM is a part of the system. The BAM payment error coding system encompasses appealable **actions taken by any SESA unit**, including BAM, which modify actions taken on payment errors, e.g., monetary redeterminations, establishment of overpayments, etc. It encompasses **actions in progress** by units other than BAM on improper Key Week payments, of which actions BAM is in agreement. It also encompasses findings when no actions are permitted, e.g., because of SESA finality provisions.

a. Screen I. If the payment was **not** a proper payment, a code "9" is entered into the above data element (h1) Key Week Action Code Flag:

- 9 = Improper Payment - Improper payment codes are defined in the Error Issue (ERRISU) Table. Data entry of code 9 in this data element will trigger Screen I for data input.

When code 9 is entered into (h1), Screen I is retrieved by the system for data entry of issues. This interrupts data entry into Screen H. The user will see a new screen into which individual issues or mispayments are to be recorded. The system has the capacity to record up to 20 individual issues. If there are more than 20 issues, select and code the 20 largest issues.

Note: If Key Week Action Code Flag (h1) = 1, 2, or 3 (proper payment), Screen I will not be displayed.

Identify all issues/actions that affect the Key Week payment. This includes issues where official action may be taken and also where official action is prohibited. Screen I records the following information for **each** issue:

- (ei1) Dollar Amount of Key Week Error

- (ei2) Key Week Action
- (ei3) Error Cause
- (ei4) Error Responsibility
- (ei5) QC Detection Point
- (ei6) Prior Agency Action
- (ei7) Prior Employer Action
- (ei8) QC Action Regarding Key Week Appealed

SESAs may modify the last digits of the codes of four of these items in Screen I to provide more detailed information for their use: Cause code (ei3), Detection Point code (ei5), Prior Agency Action code (ei6), and Prior Employer Action code (ei7). The last digit in each of these codes is zero. SESAs may choose to develop additional categories using any digits from 1-9 to provide further detail in these areas.

Definitions and explanations for the above data elements of Screen I are detailed below:

(1) **(ei1) Dollar Amount of Key Week Error.** Enter the total whole dollar amount of the error (overpayment or underpayment) for the Key Week as determined or confirmed by the BAM investigation. Exclude dollars that affect weeks other than the Key Week.

(2) **(ei2) Key Week Action.** Enter the code that identifies what type of error/issue was revealed by the BAM investigation. Select one code from either the overpayment group or the underpayment group below:

(a) **Overpayment Codes**

- 10 = Fraud Overpayment/Voided Offset.
- 11 = Nonfraud Recoverable overpayment/voided offset.
- 12 = Nonfraud Nonrecoverable Overpayment or official action taken to adjust future benefits by decreasing WBA, MBA, KWDA, or RB.
- 13 = QC determines payment was too large, although payment is "technically" proper due to finality rules.
- 14 = QC determines payment was too large except for formal warning rule that prohibits official action. Payment "technically" proper due to law/rules requiring formal warnings for unacceptable work search efforts.
- 15 = QC determines payment was too large, although payment "technically" proper due to rules other than finality or formal warning rule.

- 16 = Overpayment established or WBA, KWDA entitlement, MBA, or RB decreased which was later "officially" reversed, revised, adjusted, or modified and BAM disagrees with "official" action (e.g., Appeals unit reverses BAM determination and BAM disagrees).

(b) **Underpayment Codes**

- 20 = Supplemental Check Issued/Offset applied or increase in WBA, KWDA, or RB.
- 21 = QC determines payment was too small, although payment "technically" proper due to finality rules.
- 22 = QC determines payment was too small, although payment "technically" proper due to rules other than finality.
- 23 = Supplemental check issued/offset applied which was later "officially" reversed, revised, adjusted, or modified, and BAM disagrees with the "official" action (e.g., Appeals unit reverses BAM determination and BAM disagrees).

(3) **(ei3) Error Cause.** Each payment error must be assigned a Cause code. The listings of these codes are presented below grouped by major category. Enter the **one** code from the six major categories below that best identifies the cause of the payment error.

The last digit is reserved for SESA use to provide greater detail.

(a) In the **Benefit Year**, unreported or errors in reporting/recording earnings or days/hours of work affecting the Key Week due to:

- 100 = Unreported (concealed) earnings or days/hours of work.
- 110 = Earnings or days/hours of work incorrectly estimated/reported/recorded or deducted.
- 120 = Errors in reporting or unreported Severance Pay.
- 130 = Errors in reporting or unreported Vacation Pay.
- 140 = Errors in reporting or unreported Social Security or Pension Benefits.

ET HANDBOOK NO. 395

150 = Other causes related to reporting or recording of earnings or days/hours of work.

(b) In the **Base Period**, errors in Reporting/Recording Earnings or Weeks, Days, or Hours of Work affecting the Key Week due to:

200 = Earnings or weeks/days/hours of work incorrectly estimated/reported/recorded.

210 = One or more base period employers not reported by claimant.

220 = Other causes related to errors in reporting or recording earnings or weeks/days/hours of work for base period.

(c) **Separation** Issues due to:

300 = Voluntary Quits

310 = Discharges

320 = Other causes related to separation issues.

(d) **Eligibility** Issues due to:

400 = Ability to work

410 = Availability for work

420 = Active work search

430 = Refusal of suitable work

440 = Self-employment

450 = Illegal alien status

460 = Job Service registration

470 = Other causes related to eligibility issues.

(e) **Dependents' Allowances** Incorrect due to:

500 = Dependents' information incorrectly reported/recorded or allowance incorrectly calculated.

510 = Other causes related to dependents' allowances.

(f) **Other** Causes due to:

600 = Benefits paid during a period of disqualification, even though a stop-pay order was in effect.

ET HANDBOOK NO. 395

610 = Redetermination (at deputy level) or reversal (appeal or higher authority).

620 = Back pay award.

630 = All other causes.

(4) **(ei4) Error Responsibility.** Each payment error must be assigned a Responsibility code. Enter the appropriate code to indicate the party responsible (by action or inaction) for the payment error. If more than one party contributed to the error, enter the appropriate code for each with partial responsibility; however, do not enter the same code more than once.

- 1 = Claimant
- 2 = Employer
- 3 = Agency
- 4 = Third party

The Responsibility codes given above may be difficult to assign to certain cases. Although it would be desirable to define a set of rules that would lead everyone, regardless of background or training, to assign exactly the same code to each payment error, this cannot be done. Rather, the informed judgements of the BAM staff must be relied on to determine the most appropriate code for each case.

(5) **(ei5) BAM Detection Point.** For each payment error enter the code which indicates the point where the error was first detected by the BAM investigation. The last digit of this code is reserved for SESA use in providing greater detail.

10 = Verification of work search contact

20 = Verification of wages and/or separation

30 = Claimant interview

40 = Verification of eligibility with 3rd parties

50 = UI Records

60 = Job Service/Employment Service records

70 = Verification with union

ET HANDBOOK NO. 395

(6) **(ei6) Prior Agency Action.** For each payment error, a code is assigned which indicates any action(s) taken by the SESA on the Key Week issue as of the date sample selected. Enter appropriate code from below. The last digit is reserved for SESA use to provide greater detail regarding prior action.

- 10 = Official procedures had been followed and forms had been fully completed but KW issue was not detectable by normal procedures.
- 20 = SESA was in the process of resolving KW issue prior to sample being selected or SESA had correctly resolved issue between the time the original record for the KW was created and the time the BAM sample was selected thereby resulting in the correct action being taken and all issues resolved before the BAM investigation was completed.
- 30 = SESA identified KW issue prior to KW selection but took incorrect action.
- 40 = SESA had sufficient documentation to identify that there was a KW issue but did not resolve the issue.
- 50 = Official procedures/forms had not been properly followed/completed by SESA thereby precluding ability to detect KW issue.

(7) **(ei7) Prior Employer Action.** For each payment error a code is assigned to indicate action(s) taken by the employer affecting the KW issue as of the date sample was selected. Enter the appropriate code from below. The last digit is reserved for State use to provide greater detail regarding employer actions.

- 10 = Employer provided adequate information to SESA in a timely manner for determination.
- 20 = Employer provided adequate information after due date for determination.
- 30 = Employer provided inadequate/incorrect information in a timely manner for determination.
- 40 = Employer provided inadequate/incorrect information after due date for determination.
- 50 = Employer did not respond to request for information.
- 60 = Employer, as an interested party, was not requested by agency to provide information for determination.
- 70 = Not an employer related issue.

(8) **(ei8) BAM Action Regarding Key Week Appealed.** Information must be recorded on appeals filed as a result of BAM action on the Key Week. Enter the appropriate code from below to identify the appeal status for the issue:

- 1 = No appeal filed against BAM determination, or not applicable.
- 2 = Claimant appealed BAM determination, and employer was an interested party.
- 3 = Claimant appealed BAM determination, and employer was not an interested party.
- 4 = Employer appealed BAM determination, and claimant was an interested party.
- 5 = Both claimant and employer appealed BAM determination.
- 6 = SESA appealed BAM determination.

For each additional issue (up to 20 per case), repeat the above steps (ei1-ei8) in screen I.

After entering information on the issue(s), code the remainder of the case in h2 through h11 as follows:

b. Amount That Claimant Should Have Been Paid (h2). Enter the correct whole dollar amount that the claimant should have received for the Key Week.

**(h2)** Name: Amount That Claimant Should Have Been Paid

Short Name: Amt Should Have Been Paid

Definition: Enter the whole dollar amount that the claimant should have received for the Key Week if the payment had been made correctly. Include all issues regardless of whether they are "technically proper." Only exclude action codes 14, 16, and 23.

If the Key Week is a **proper** payment, i.e., (h1) is coded 1, 2, or 3, the system will automatically stamp the amount in (f13).

If the Key Week payment is an **improper** payment, calculate the result of errors that affect the Key Week payment. This includes overpayments, underpayments, and

denied weeks listed in screen I, **except** formal warnings or appeal reversals (Key Week Action codes 14, 16, and/or 23 of item ei2).

If the Key Week should have been totally denied as a result of one or more issues, no matter what other additional changes affect the WBA, enter 0.

Refer to Key Week Error Summary Worksheet (section 4, below) for assistance with multiple issues.

c. Total Dollar Amount of Overpayments (h3). This element captures the total amount of overpayments established for the claimant as a result of the BAM investigation.

**(h3)** Name: Total Whole \$ Amount of Overpayments (include KW)

Short Name: Total Amt OP

Definition: Enter whole dollar amount of all overpayments, voided offsets, or adjustments (to either the WBA or MBA), including Key Week, officially established as a result of BAM investigation.

Include in this figure only overpayments, etc., officially established for weeks claimed or paid.

Include payments from any extended benefit programs.

Do not adjust (i.e., net) amount due to the establishment of underpayments.

Exclude any prospective savings relating to weeks not claimed and any penalty or interest amount.

If an overpayment established as a result of BAM investigation is reversed on appeal, this amount must be reduced by the amount involved in the reversal.

Include amounts from prior benefit years if applicable.

Code only overpayments for this claimant.

d. Total Dollar Amount of Underpayments (h4). This element captures the total amount of underpayments established for the claimant as a result of the BAM investigation.

**(h4)** Name: Total Whole \$ Amount of Underpayments (include KW)

Short Name: Total Amt UP

Definition: Enter whole dollar amount of all underpayments, offsets applied, or adjustment (to either WBA or MBA), including Key Week, established as a result of BAM investigation. Include in this figure only underpayments, etc., established for weeks actually claimed or paid.

Include EB and FSC programs, if applicable.

Do not adjust (i.e., net) amount due to establishment of overpayments.

Exclude any prospective errors relating to weeks not claimed.

If supplemental check was issued or offset applied which was later officially reversed on appeal and BAM agrees with the official action (code 03) then this amount must be reduced by the amount involved in the reversal.

Include amounts from prior benefit years if applicable.

Note: Code only underpayments for this claimant.

e. Total Overpayment Amount for the Key Week (h5). This element captures the total amount of Key Week overpayments, in a case, except for those recorded as formal warnings or officially reversed appeal decisions with which BAM disagrees.

**(h5)** Name: Total Overpayment Amount for the Key Week

Short Name: Total KW OP

Definition: Enter the whole dollar amount of the total overpayment due to overpayment issues. It must not exceed the original amount paid (item f13). Exclude action codes 14 and 16.

Refer to Key Week Error Summary Worksheet (section 4, below) for assistance with multiple issues.

f. Total Underpayment Amount for Key Week (h6). This element captures the total amount of Key Week underpayments in a case, **except** for those recorded as officially reversed appeal decisions with which BAM disagrees.

**(h6)** Name: Total Underpayment Amount for the Key Week

Short Name: Total KW UP

Definition: Enter the whole dollar amount of the total underpayment due to underpayment issues. Include all underpayment issues regardless of whether they are "technically" proper. Exclude action code 23.

The total cannot exceed the State maximum WBA.

Refer to Key Week Error Summary Worksheet (section 4, below) for assistance with multiple issues.

4. **Key Week Error Summary Sheet.** When a case has multiple issues affecting the Key Week, it can be difficult to compute the proper dollar amounts for:

- Amount Claimant Should Have Been Paid (h2),
- Total Overpayment Amount for Key Week (h5), and
- Total Underpayment Amount for Key Week (h6).

Each SESA must develop a standard BAM form to be available for use in computing the entries for the above items. The form must contain, at a minimum, the capacity to record the information on the two-page facsimile that follows in section (a). The format of the facsimile should be adequate for most SESAs; however, some SESAs, i.e., those with dependents allowances, will need to make modifications.

The form must be completed for all cases with multiple issues. When utilized, it must be retained in the case file. (See Chapter VII.)

ET HANDBOOK NO. 395

Key Week, it can be difficult to compute the proper dollar amounts for:

- Amount Claimant Should Have Been Paid (h2),
- Total Overpayment Amount for Key Week (h5), and
- Total Underpayment Amount for Key Week (h6).

Each SESA must develop a standard BAM form to be available for use in computing the entries for the above items. The form must contain, at a minimum, the capacity to record the information on the two-page facsimile that follows in section (a). The format of the facsimile should be adequate for most SESAs; however, some SESAs, i.e., those with dependents allowances, will need to make modifications.

The form must be completed for all cases with multiple issues. When utilized, it must be retained in the case file. (See Chapter VII.)

a. Key Week Error Summary Sheet -- Facsimile.

**KEY WEEK ERROR SUMMARY WORKSHEET**

Record issues (overpayments and underpayments) as independent actions in section A or B below as appropriate, but **exclude** formal warnings and officially reversed actions (Key Week Action codes 14, 16, and 23 from ei2 of Screen I).

**Cause Code** -- Enter the Error Cause code (ei3).

**\$ Amount** -- Dollar Amount of Key Week issue.

**DQW** (Disqualified Week) -- Enter X if this issue would cause the claimant to be disqualified for the entire week for nonmonetary reasons, e.g., VQ denial, not able and available, paid for waiting week, etc.

<b>Case ID:</b>	<b>(f13) Amount Paid: \$</b>
-----------------	------------------------------

<b>A. Overpayments</b>			
	Cause Code	\$ Amount	DQW
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
Total OP:			

<b>B. Underpayments</b>		
	Cause Code	\$ Amount
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
Total UP:		

**KEY WEEK ERROR SUMMARY WORKSHEET (continued)**

ET HANDBOOK NO. 395

<b>C. (h2) Amount That Claimant Should Have Been Paid</b>		
Complete one of the following to determine (h2):		
1.	If KW is DQW, (h2) = 0:	
<i>or</i>		
2.a	If KW is not DQW, enter WBA After Investigation (e10)	
2.b	List specific adjustments to WBA for KW, e.g., reduction for earnings:          <b>Enter total \$ amount of adjustments:</b>	
2.c	Subtract 2(b) from 2(a); (h2) =	

<b>D. (h5) Total Key Week Overpayments</b>		
1.	Enter the Total OP from A, page 1:	
2.	Enter the Amount Paid for KW (f13):	
<b>Total KW OP equals lesser of (1) or (2) (h5):</b>		

<b>E. (h6) Total Key Week Underpayments</b>		
1.	Enter the SESA maximum WBA:	
2.	Enter the Amount Paid for KW (f13):	
3.	(1) - (2):	
4.	Enter the Total UP from B, page 1:	
<b>Total KW UP equals lesser of (3) or (4) (h6):</b>		

b. Instructions. On the front page of the worksheet, list all errors/issues in the applicable boxes (A for overpayments or B for underpayments), with the exception of formal warnings and officially reversed actions. (Key Week Action codes 14, 16, and 23 are not used in the official error rate; therefore, they cannot be included in these calculations.)

For each error/issue, enter the Error Cause code that has been coded in (ei3) and the Dollar Amount of Key Week Error that has been coded in (ei1). If this error would cause the claimant to be ineligible for the entire Key Week or cause a disqualification for the entire Key Week, enter an X in the DQW column. Add the dollar amounts in each box, and enter the total at the bottom.

Complete the backside of the worksheet as follows:

(1) Box C. This can be used to figure the dollar amount for (h2), the Amount Claimant Should Have Been Paid.

If an X has been entered in the DQW column on any line in box A of page 1, enter 0 on item 1, and go no further.

If there is no X in box A, complete item 2. Enter the amount coded for DCI element (e10), WBA After Investigation, in (a).

If there are adjustments to the WBA to be made to the payment for the Key Week, list each in (b), and enter the total dollar amount of the adjustments. Subtract the amount in (b) from (a) to obtain the amount that the claimant should have been paid for the Key Week, and enter in (c).

(2) Box D. This can be used to figure the dollar amount for (h5), Total Key Week Overpayments.

Enter the total from the bottom of box A of page 1. Enter the amount of the original Key Week payment as coded in DCI item (f13). Compare the two figures, and enter the lesser as (h5), Total Key Week Overpayments.

(3) Box E. This can be used to figure the dollar amount for (h6), Total Key Week Underpayments.

Enter the maximum WBA payable in the SESA on line (1). Enter the amount of the original Key Week payment on line (2). For line (3), subtract the figure in (2) from that in (1). Enter the total from the bottom of box B of page 1 onto line (4). Compare the figures in (3) and (4), and enter the lesser as (h6), Total Key Week Underpayments.

c. Completed Examples of Key Week Error Summary Sheets. Three completed examples are presented on the following pages. It should be noted that the figures entered on the worksheets are for illustration only; they are not accurate for any

ET HANDBOOK NO. 395

particular SESA since calculations will be based upon each SESA's own formulas for monetary determinations, wage reductions, etc.

5. **Case Completion**. The following elements, (h7) through (h11), are utilized to close the case files.

**(h7)** Name: Investigation Completed

Short Name: Inv Completed

Definition: Enter code of 1 when case investigating has been completed, i.e., after the investigator has finished all field work, reports, determinations, and coding.

Entry of this character will only be allowed if all previous data elements have been coded. It will cause the current system date to be stamped in (h8).

**(h8)** Name: Investigation Completion Date

Short Name: Inv Complete Date

Definition: The BAM software will automatically enter the current date when Investigation Completed (h7) has been coded 1.

**(h9)** Name: Supervisory Review Completed

Short Name: Supv Rev Completed

Definition: Enter code of 1 when BAM Manager/BAM Supervisor has reviewed and approved completed case. Data entry in this field will cause The BAM software to enter the current date in (h10) and the login ID of the user in (h11).

0 = the completed case has not been reviewed

When either 1 or 0 is entered the case will be closed. Subsequent adjustments to the case data must be made by reopening the case.

**(h10)** Name: Supervisor Completion Date

Short Name: Supv Complete Date

Definition: The BAM software will automatically enter the current date when Supervisory Review Completed (h9) has been coded 1 or 0.

**(h11)** Name: Supervisor Identification

Short Name: Supv ID

Definition: The BAM software will automatically enter the login ID of the person performing this supervisory function.

6. **Reopening Cases.** On occasion, completed cases must be reopened to make corrections or to update coded records. The following elements are used:

**(ro1)** Name: Reopen Case

Short Name: Reopen Case

Definition: Enter one of the following codes:

- 3 = SESA has recognized an error in the data of this closed case and has made the correction(s).
- 4 = an appeal decision requires changes to the data of a closed case.
- 5 = data of a closed case were changed as a result of a monitor review.
- 6 = case reopened pending further information.

**(ro2)** Reopen Case Date

Short Name: Reopen Case Date

Definition: The current system date entered by the QC software when ro1 is 3, 4, or 5. The system will enter 00/00/0000 when the Reopen Case (ro1) code is 6.

**(ro3)** Reopen Case Identification

Short Name: Reopen ID

Definition: The login ID of the person performing the reopen function.

Refer to the "Reopen Completed Cases" section of ET Handbook No. 400 for detailed instructions.

ET HANDBOOK NO. 395

Definition: The login ID of the person performing the reopen function.

Refer to the "Reopen Completed Cases" section of ET Handbook No. 400 for detailed instructions.