

## CHAPTER VIII

### DENIED CLAIMS ACCURACY (DCA) OVERVIEW

**1. Introduction.** The Unemployment Insurance (UI) Benefit Accuracy Measurement (BAM) program has continued to measure the accuracy of paid claims in all States, the District of Columbia and Puerto Rico since it became mandatory in 1987. Since the beginning of the BAM program, the Department has committed to a thorough review of denied claims. In 1986-87, a pilot study was conducted to measure the accuracy of determinations to deny unemployment compensation for monetary, separation, and nonseparation eligibility reasons. Although this initial pilot identified significant rates of errors in the determinations investigated, national implementation was deferred due to resource constraints and other program priorities, such as the implementation of Benefit Timeliness and Quality and the Tax Performance System. Since this earlier pilot was conducted, the Department of Labor's Office of Inspector General, and the Vice President's National Performance Review committee have urged the Department to measure the accuracy of determinations that deny eligibility for UC claimants. Because a significant time had elapsed since the initial pilot, a second pilot was conducted in five States, from September 1997 through September 1998. This second pilot confirmed the earlier findings that a significant percentage of denied claims were in fact, erroneous.

**2. Overview of DCA.** State resources have been made available for Denials implementation and on-going investigations through the reduction in sample sizes and changes in the methodology used to conduct regular BAM investigations. Denied intrastate and interstate claims in the State UI, UCFE, and UCX programs will be included in the DCA sample.

As in the investigation of paid claims, States will have the responsibility to draw samples, perform investigations, identify errors, compute error rates, analyze data, and initiate corrective action if appropriate. The primary Federal responsibilities are to ensure system integrity, reduce non-sampling errors through monitoring SESA practices and procedures, and analyze DCA data to assess the impact of Federal requirements on the UI system.

The Attachment to this chapter contains the Data Collection Instrument (DCI), with instructions and database specifications for DCA.

Each BAM unit must ensure that the DCA program meets the Methods and Procedures requirements for organization, authority, and written procedures as indicated in chapter II.

**3. Investigative Requirements.** DCA investigations will be conducted in accordance with the procedures described in detail in Chapter VI, of this Handbook. The following general requirements must be adhered to, and differ from the investigation of paid claims:

a. Investigations consist of the review of agency records, contact with the claimant, employer(s), and all other relevant parties to verify information pertinent to the determination that denied eligibility. Unlike the investigation of paid claims, in which all prior determinations affecting claimant eligibility for the compensated week are evaluated, the investigation of denied claims is limited to the issue upon which the denial determination is based. For example, if a continued week claim is denied because the agency determined that the claimant was not available for work, only that availability issue is to be investigated. The monetary, separation, and any other nonmonetary determinations which could have affected eligibility will not be investigated. The DCA investigator must maintain this “narrow focus” for the specific issue throughout the investigation. As in the investigation of paid claims, States have the flexibility to conduct the investigation of denied claims utilizing in-person interviews, telephone, mail, e-mail or fax to collect information.

b. DCA Investigators must verify facts contained in the case file, obtain any missing information, as well as conduct new and original factfinding that may be relevant to the denials determination. This may involve contacting employers, or third parties who had not been contacted previously by the agency.

#### **4. DCA Investigative Methodology.**

a. Sample Design and Sample Sizes. Each week, States will select systematic random samples from three separate sampling frames constructed from the universes of UI claims for which eligibility was denied for monetary, separation, or nonseparation reasons. States must use the BAM population edit and sample selection software program to select the weekly samples.

All States will sample a minimum of 150 cases of each type of denial in each calendar year. The annual sample allocation of 150 cases for each of the three types of denials is the minimum necessary to produce a sufficient number of error cases to produce program improvement information. These sample allocations also take into account the difficulty of obtaining information from claimants who were denied benefits and the possibility that DCA case completion rates will be less than the completion rate for BAM paid claims.

b. Claimant Interview. The claimant interview for DCA will remain an integral part of the investigation. The claimant questionnaires are required forms (see appendix B) to be completed by the claimant. Unlike BAM paid claims, it will be necessary to have more than one claimant questionnaire in order to address the three types of disqualifying issues: monetary, separations, and nonseparations. The investigator must obtain the completed questionnaire for the applicable denials issue. Every effort should be made to complete the claimant questionnaire even though locating the claimant may be somewhat difficult since they will not be in a “paid” status. All other requirements for DCA claimant questionnaires are the same as paid claims.

**5. Interstate Requests.** Interstate claims are included in the DCA sample selection process. The same procedures apply to interstate that apply to intrastate verifications. Interstate contacts may be conducted using the method of contact determined by the State to be the most appropriate means of contact. In cases where the State is unable to obtain adequate information, assistance may be requested of the other State's BAM unit. However, each State has the final responsibility of obtaining all the necessary information to complete the case investigation.

**6. Other Verifications.** Where applicable for DCA, the following investigative processes are the same as BAM paid claims: Employer Interviews; Work Search Interviews; Third-Party Verifications; Disqualifying/Deductible Income Verifications; Dependency Eligibility Verifications; UCFE Verifications; UCX Verifications; Summary of Investigation; Appeals; and Reopening Cases.

**7. Completion of DCA Cases and Timely Data Entry.** As in paid claims, prompt completion of investigations is important to ensure the integrity of the information being collected by questioning claimant and employers before the passage of time adversely affects recollections. Prompt entry of associated data is necessary for both the SESA and the Department to maintain current data bases. However, due to the fact that contacting the claimant and obtaining claimant information is more difficult than in paid claims, the timeliness standards differ as the following indicates:

- a minimum of 60 percent of cases must be completed within 60 days of the week ending date of the batch, and 85 percent of cases must be completed within 90 days of the week ending date of the batch; and
- a minimum of 98 percent of cases for the year must be completed within 120 days of the ending date of the Calendar Year.