Misuse of BAM Data
for
Integrity Measurement
in
Unemployment Insurance

Neil Gorrell
Employment System Policy & UI Director
Washington Employment Security Dept

Josh Richardson
Deputy Commissioner, UI Operations
Indiana Dept of Workforce Development

Overview of Presentation

- What is the BAM program?

- How the data is used creates misleading results and unintended consequences

- Differences between states

- If not BAM rate, then what?

How is BAM data used?

- Original purpose of the program was quality control

- Congressional action uses BAM data for reasons other than originally intended

- Mathematica study – recommendations made, not yet implemented

3

Calculating "Improper Payments"

What's counted:

- Incorrect amounts – both overpayments and underpayments
- Payments that should not have been made in the first place
- Ineligible recipients

Note: "technically proper" payments were recently excluded from calculation

Small sampling used to estimate big numbers

BAM reviews 930 claims per year for proper payment

- 480 paid cases
  (ten states with smallest UI workload pull 360)

- 450 denied cases
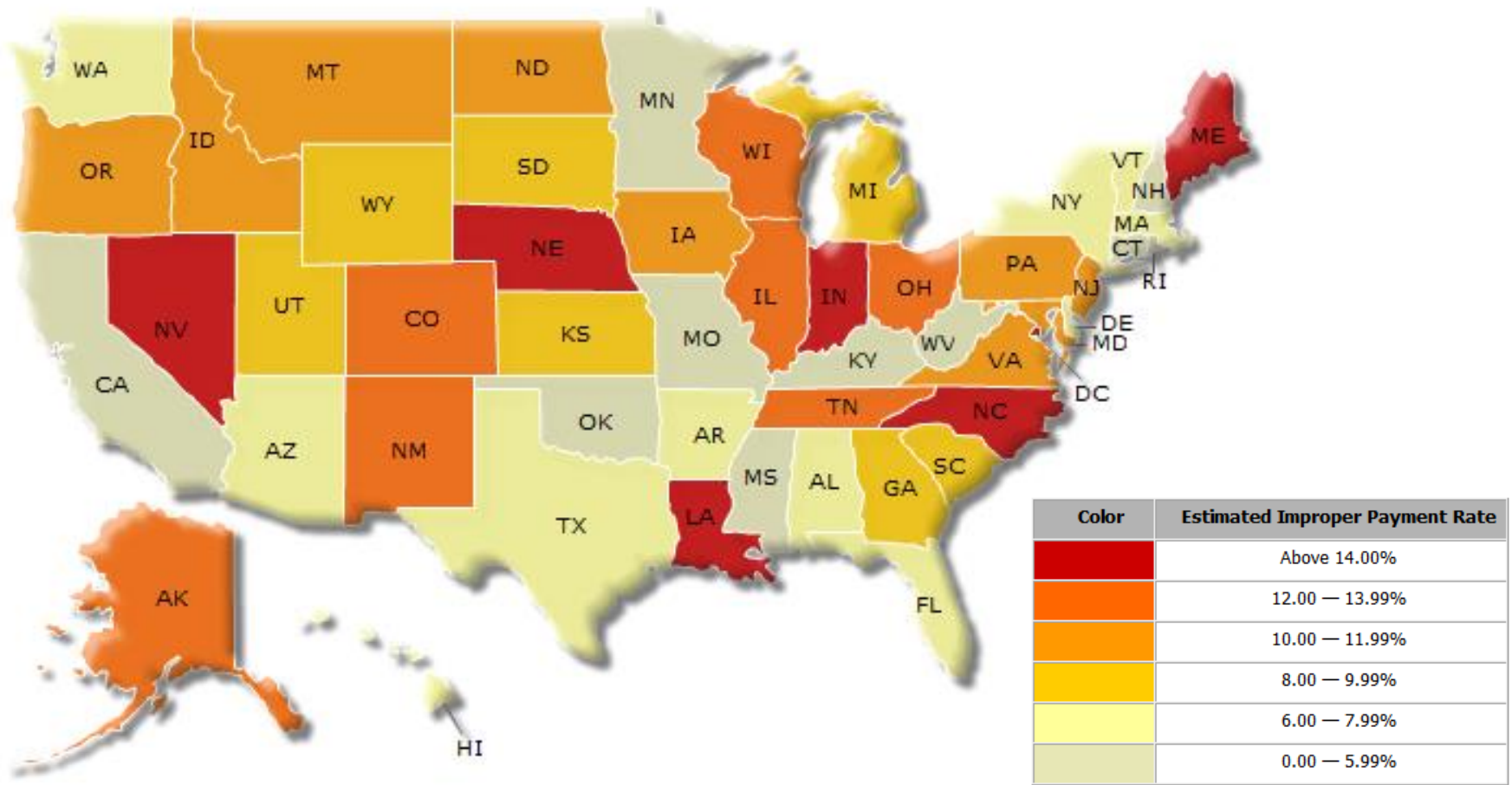 (150 each monetary, separation, and non-separation denials)

Calendar Year 2014 Statistics	WA	IN
Unique claimants in calendar year	266,223	202,276
Total Initial Claims (ICs) filed	419,856	256,827
Total Weeks Claimed	3,101,405	1,933,222

Current Snapshot

Reported BAM Statistics	WA	IN
Estimated 3 Year Improper Payment Rate:	7.459%	19.855%
2014 Improper Payments Estimate:	$63,970,537	$45,181,745
Estimated 3 Year Fraud Rate:	1.461%	3.335%

*"**Note**: UI improper payment data displayed on this page are derived from the Benefit Accuracy Measurement (BAM) program. **Readers are strongly cautioned that it may be misleading to compare one state's payment accuracy rates with another state's rates** as no two states' written laws, regulations, and policies specifying eligibility conditions are identical, and differences in these conditions influence the potential for error."*

6 *(USDOL Website; emphasis added)*

Seeing Red

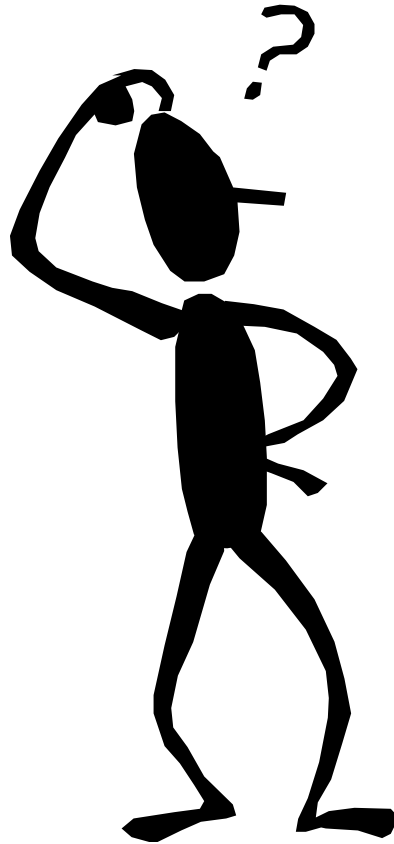| Color	Estimated Improper Payment Rate
	Above 14.00%
	12.00 — 13.99%
	10.00 — 11.99%
	8.00 — 9.99%
	6.00 — 7.99%
	0.00 — 5.99%

7

Oddities in the Calculations

- **State law for initial and continued eligibility differs**
  - Work search requirements
  - Conditional payments
- **Good behavior drives up improper payment rate**
  - Aggressive enforcement of work-search requirements
  - Aggressive investigation and recovery of overpayments

8

Discussion Questions

- **Does the BAM rate show progress on Integrity efforts?**
  - Ways to improve current efforts
  - Should eligibility standards be nationalized?
  - Should sample sizes be changed?
- **If not the BAM rate, then what?**
  - Other ways to measure improvement
  - Are there better alternatives to evaluate integrity and performance measures?

Questions?

Resources and Links

- UI Improper Payments by State (map) - http://www.dol.gov/dol/maps/map-ipia.htm

- UI Claims Data by State – http://www.ows.doleta.gov/unemploy/content/data.asp