



Leading Healthcare

# **RESPONDING TO IMPOSTER CLAIMS AND IMPROVING CLAIM INVESTIGATION**

## **National UI Issues Conference**

### **UWC and the National Foundation on Unemployment and Workers' Compensation**

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## MHA Unemployment Compensation Program

- The MHA Unemployment Compensation Program (MHA-UCP) is located in Okemos, Michigan.
- We are directly affiliated with the Michigan Health & Hospital Association
- We represent over 500 healthcare employers in 36 states.
- Our client base is **predominantly reimbursing healthcare employers:**
  - Health systems and hospitals
  - Skilled nursing facilities
  - Hospice organizations
  - Physician practices
  - Home health providers
  - Healthcare equipment providers
  - Pharmacies
  - Athletic training sites
  - And others along the “continuum of care”

# Brief History on ID Theft Claims

- Prior to CY 2015, ID theft claims were extremely rare.
- In early CY 2016, we started seeing our incidents of notable ID theft claims.
- Late in CY 2016 and throughout CY 2017, we experienced “batches” of ID theft claims:
  - Targeted at specific employers
  - Specific groups of employees within an employer’s population would be hit with ID theft claims
- Michigan’s unemployment statute and the Michigan Unemployment Insurance Agency had some “gaps” for handling and adjudicating ID theft claims --- and ultimately, new legislation was enacted to fill the gaps.

# Brief History on ID Theft Claims

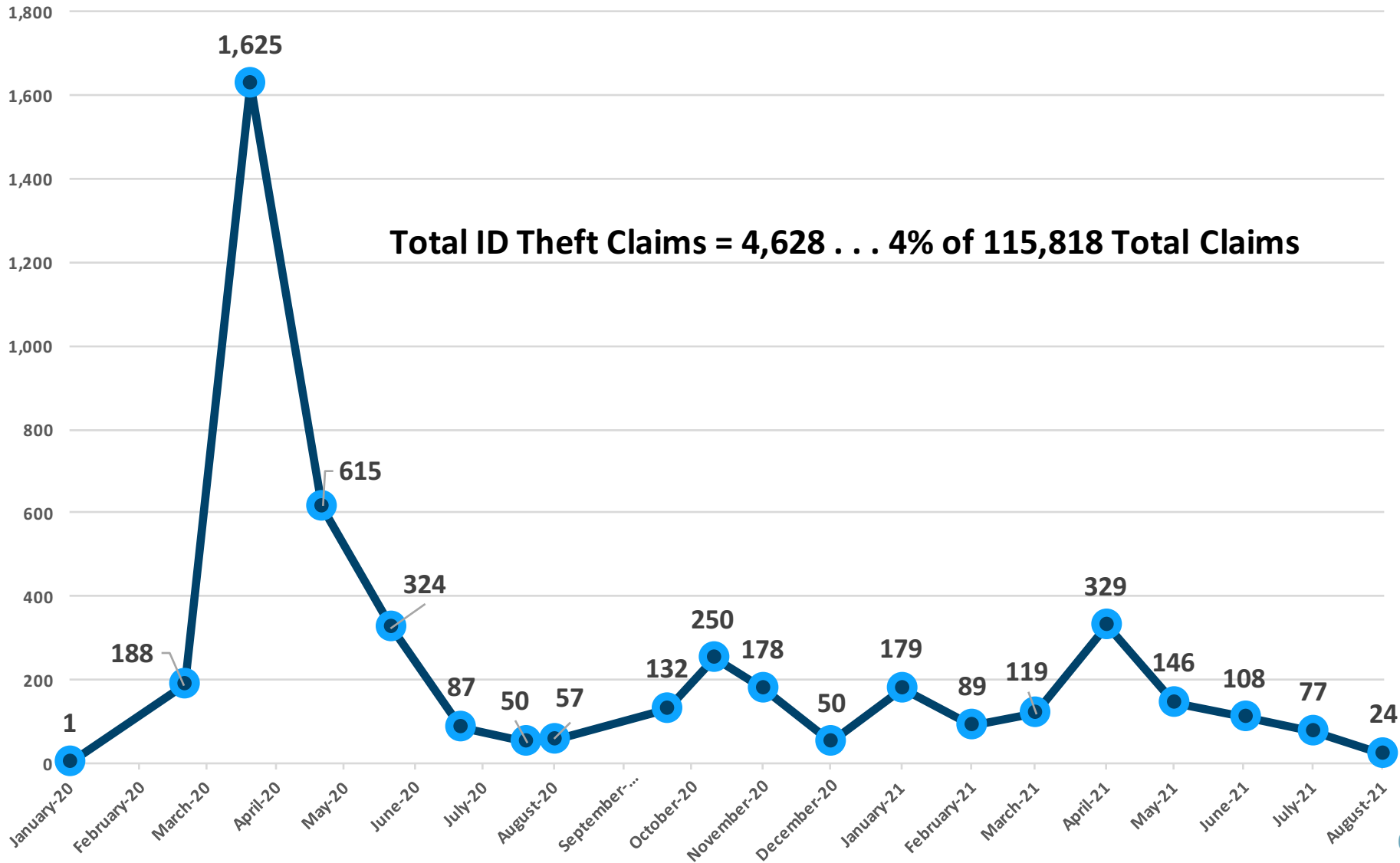
- Prior to CY 2015, ID theft claims were extremely rare.
- In early CY 2016, we started seeing our first few incidents of notable ID theft claims.
- Later in CY 2016 and throughout CY 2017, we experienced “batches” of ID theft claims:
  - Targeted at specific employers
  - Specific groups of employees within an employer’s population would be hit with ID theft claims
- Michigan’s unemployment statute and the Michigan Unemployment Insurance Agency had some “gaps” for handling and adjudicating ID theft claims --- and ultimately, new legislation was enacted to fill the gaps.
- For our clients and their employees, we had a simple “Unemployment Fraud Packet” that helped explain the situation to the affected employees, advised them to contact the Agency and attempted to assure them that “everything was OK and not to worry about anything”.

## Then . . . the Pandemic Occurs

- In late March, 2020, healthcare employers were mandated to cease outpatient surgeries and close all non-essential services.
- Unemployment claims skyrocketed . . . similar to all other business.
- Among the early pandemic claims, there were very few ID theft claims.
- In mid-April and mid-May 2020, they started coming in “bucket loads” . . . and so did the calls from our clients who had frantic employees in their human resource offices.
- Claim notices and general inquiries were being mailed to the employees’ home addresses by the state agency . . . and now the employees were concerned the identity theft had occurred through an employer IT breach.
- Meanwhile, we were swamped in handling new claims and weren’t able to notify to the employer before the employees contacted human resources

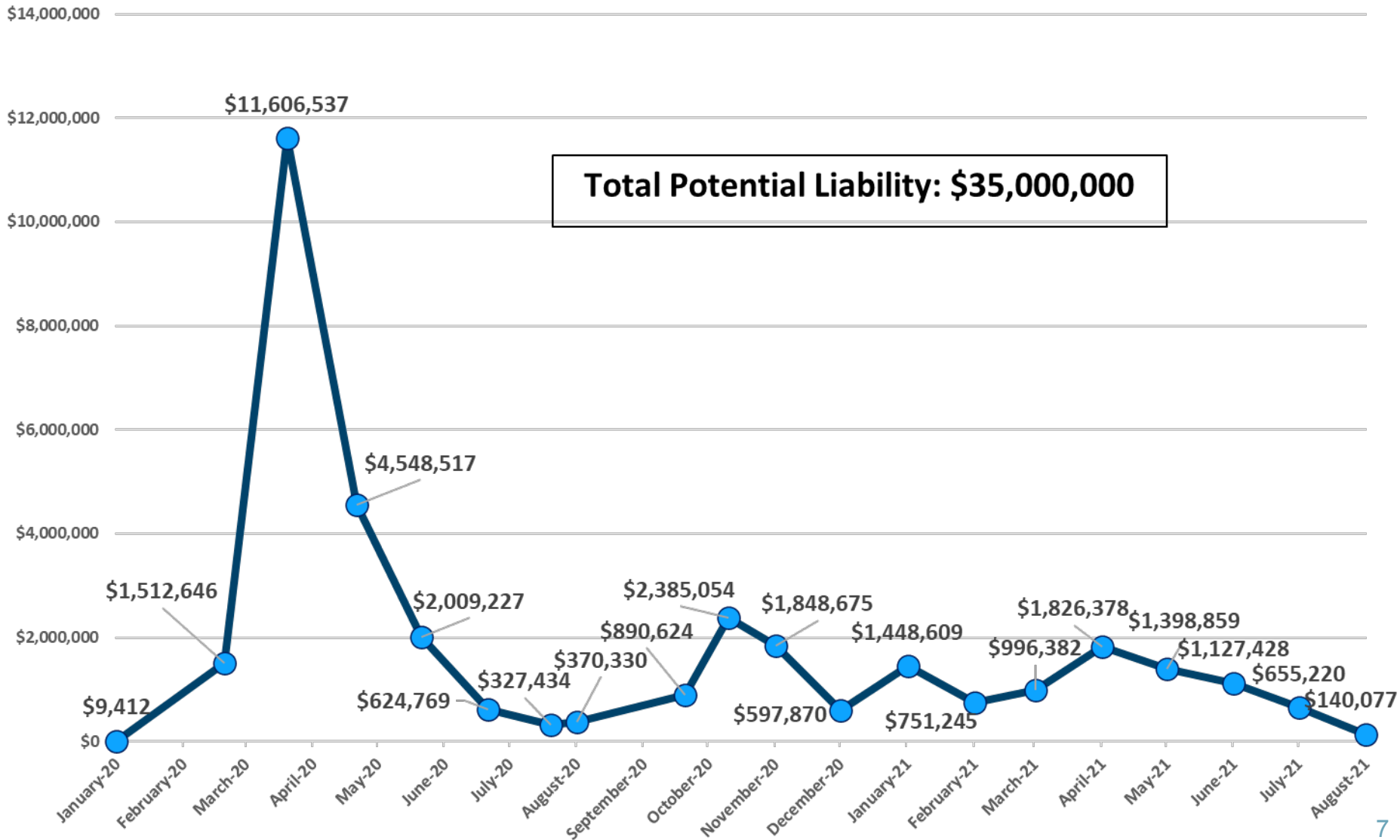
# Data: Number of Pandemic-Era ID Theft Claims

## ID Theft Claims: Number of Claims Received (Monthly)



# Data: Potential Liability on Pandemic-Era ID Theft Claims

## ID Theft Claims: Potential Liability (by month)



# Pandemic-Era ID Theft Claims: Our Priorities = TPA

- Learn to identify ID theft claims --- Watch for “red flags”.
- Calm and assure the client (employer).
- Calm and assure the affected employee, and direct them to take action.
- Respond to the claim promptly.
- Monitor all benefit charges assessed to the employer’s account.
- Promptly protest all improper benefit charges and track forthcoming credit.
- Next slides: “The Challenges”



# Pandemic-Era ID Theft Claims: Continuing Challenge #1

- Determining which claims were truly fraudulent:
  - The \$600 weekly supplement caused “everyone and their mother” to file claims.
  - The loss of a second job may have caused the claim, but our client only saw that the person was still employed full-time, and reported to us that the claim was fraudulent.
  - Employees weren’t working on-site and it was difficult at times to confirm with the employee on whether or not they actually filed a claim.

## Pandemic-Era ID Theft Claims: Continuing Challenge #2

- Legitimate Claims Downstream:
  - Victim employees who were later laid-off, had reduced hours or were separated could not establish a legitimate claim --- their claim was “blocked” due to the previous fraudulent ID theft claim.
  - This was an issue with some early pandemic claims where there was a fraudulent claim back in 2016-2017.

# Pandemic-Era ID Theft Claims: Continuing Challenge #3

- Never Ending Claims . . .
  - It seems that these claims never end.
  - A year or more later, the affected employees and employers are getting follow-up documents from the state unemployment agency.
  - In some case, the employer is getting notice of second-year claims.
  - All we want is a formal determination that the claim filed on a certain date was fraudulent, and is deemed “null and void”.

# Pandemic-Era ID Theft Claims: Continuing Challenge #4

- Issuance of 1099-G Forms --- **Part 1:**
  - We know that unemployment benefits were paid to the impostors.
  - Many affected employees received 1099-G forms even though they never filed a claim and never received benefits.
  - We had to guide the employees on how to handle that:
    - Seek an amended 1099-G
    - Include a letter of explanation with their state and federal tax return
      - “I didn’t file a claim, I didn’t receive any benefits and I’m not reporting any unemployment income on my tax return.

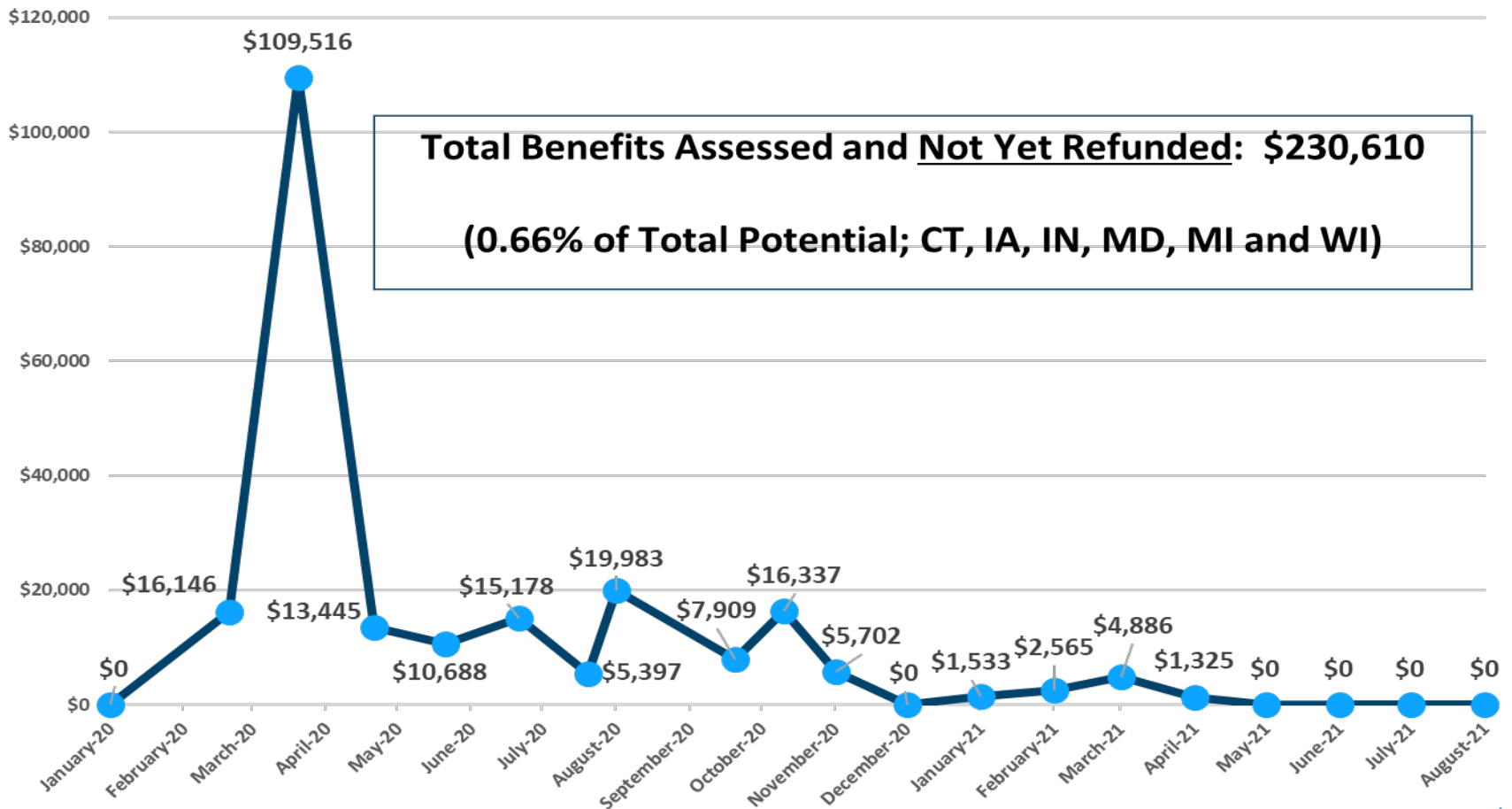
# Pandemic-Era ID Theft Claims: Continuing Challenge #4

- Issuance of 1099-G Forms --- **Part 2:**
  - Tax Year 2021: The 1099-G form issue lurks again . . .
  - Some claimants will have received benefits during CY 2021 for benefit weeks in CY 2020 based on an appeal or delayed adjudication. What will that claimant's 1099-G indicate?
  - Shouldn't those benefits be "non-taxable" (up to \$10,500) if attributable to benefit weeks in CY 2020?
    - How will the state unemployment agencies handle those situations?
    - Will the 1099-G indicate that the benefits paid in CY 2021 were attributable to CY 2020?
    - Or, will the claimant have to seek an amended 1099-G?

# Pandemic-Era ID Theft Claims: Continuing Challenge #5

- Obtaining credit for improperly paid benefits on fraudulent ID theft claims.
- We audits each claim and continue protesting until the credit is received.

**ID Theft Claims: Actual Benefits Assessed to Clients**



## Final Point...

The staff of the Michigan Unemployment Insurance Agency's "Fraud Detection Unit" were "champions" for us, our clients, and most importantly, for the innocent victims of ID theft claims.

The UIA, along with several other state unemployment agencies, have provided us with vast amounts of assistance during this pandemic era.

Their responsiveness and focused action gave thousands of individuals assurance that everything was going to be "OK" and allowed those affected employees to get a good night sleep.

Thank you for considering my comments.

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