



EQUIFAX

Unemployment Insurance program integrity during COVID-19

Identify fraud and decrease overpayments

Workforce agencies face the highest unemployment rate in US history and lowest level of trust fund solvency nationwide during this pandemic. Fraudsters are perpetrating numerous schemes related to the additional COVID-19 funding. In addition, the majority of applicants indicate unemployment reason as "temporary layoff" which means hopefully they will go back to work with the same employer once this pandemic is under control. Workforce agencies struggle with providing benefits and payments promptly in order to meet program standards and beneficiaries' expectations. With increased risk of fraud and State Unemployment Insurance improper payment rates as high as 32% (US DOL, Mar. 2020), this challenge is amplified as public assistance teams are tasked to manage increasing caseloads with staff reductions and flat or declining budgets.

To protect the program integrity of the regular unemployment compensation program, states must maintain weekly certification processes to verify the continuing eligibility of the program's claimants and must complete required checks for interstate wages. States are also required to implement the same program integrity activities used for the regular unemployment compensation program for the CARES Act programs, such as verifying identity and cross matching with certain databases designed to prevent and detect improper payments and fraud. To ensure program integrity, the CARES Act includes an appropriation of \$26 million to the department's Office of Inspector General (OIG) to carry out audits, investigations, and other oversight activities related to states' adherence to existing unemployment insurance laws and policies, as well as the provisions of the CARES Act. States should expect significant oversight, review and scrutiny of their unemployment compensation programs' integrity.

Verify identity and help prevent fraud

Equifax offers a comprehensive suite of identity, authentication and fraud prevention services that are trusted by the nation's largest financial institutions, telecom companies and government agencies. These include:

- Equifax and third-party identity sources confirm identity coherence across name, DOB, SSN, phone number, address, email and other elements, along with fraud risk assessment and known fraud intelligence
- Omnichannel authentication includes device, mobile and email verification and risk analysis to securely enroll authentication methods at account creation and to prevent account takeover
- Remote capture, authentication and face match of identity documents including state driver license/IDs and passports
- Account verification to confirm that deposit accounts belong to the claimant

All services are configurable either as standalone point solutions or integrated as a single service, with business rules and orchestrations managed by Equifax, providing the flexibility of an in-house solution without the development overhead.

Benefits

Identify return to work faster

Detect suspicious identities prior to issuing benefit

Eliminate over payments to ineligible recipients

Monitor ongoing program integrity

Many Workforce Agencies use National Directory of New Hires and State Wage data to verify return to work but the information is dated and may not be accurate increasing the risk for benefit year earnings over payments. With this pandemic support, agencies face additional challenges. Those who return to work after being temporarily laid off will not be reported on New Hire data. State Wage Data is reported quarterly, which potentially allows over payments to occur for 3-5 months increasing improper payments. Lastly, Independent contractors will not be reported in New Hire Reporting or State Wage data, so Workforce Agencies have no insight into return to work.

The Social Service Verification product from Equifax uses The Work Number® database to instantly search over 100 million employment records contributed by over 600K employers nationwide, including small and medium sized employers highly impacted by layoffs. This is accomplished through our strong relationship with employers, payroll providers and the majority of federal government civilian employers. The Work Number database is updated each time a contributing employer processes payroll so that you have access to the most up-to-date information available (as provided by the employer). With the addition of Independent 1099 Contractor records, The Work Number is the best identifier of return to work for both employees and independent contractors.

There is no other provider that offers automated, instant access to all of the employer payroll records available on The Work Number database. The Work Number is unique because we provide confidential data direct from the employer's/payer's payroll system and we add new employer or independent contractor records every week, so you can be assured to have the most-up-to-date income and employment data available. More current and complete data direct from employers are a better indicator of potential improper payment than New Hire Directories and quarterly State Wage data, allowing caseworkers and investigators to better focus their efforts. The New Hire Directory, used to verify certification, will not show those who are laid off and return to work with their current employer which represented 88% of those applying for unemployment insurance in April 2020 (DOL 5/8/2020). Equifax has unique ability to uncover unreported employment and earnings faster because it's updated as soon as payroll is processed, showing when laid off clients go back to work. Plus, it includes additional information required for public assistance not typically available from governmental data sources, including, for example, hours worked and income-by-pay-period.

Improve payment integrity

According to the Department of Labor, the second leading cause of improper payments is "benefit year earnings" which means continuing to claim benefits after returning to work and failure to accurately report earnings. In 2018, lack of accurate reporting resulted in 26.88% of the improper payments in unemployment benefits (US DOL, IPIA 2018). The Work Number Portfolio Review Monitoring allows you to continually identify return to work and new income in your caseload, even those who were temporarily laid off or independent contractors. Alerts can be delivered weekly or biweekly providing quicker notification than New Hire Reporting and State Wage Data. Identifying return to work faster can decrease improper payments and prevent fraud. By protecting the state unemployment insurance fund from having insufficient funds, which then leads to an advance from the Federal Unemployment Account requiring repayment with interest, you can reduce impact to state budgets and employer tax increases.

With decades of experience serving the public sector, Equifax leverages trusted, unique data, analytics, technology, and expertise to help government clients drive innovation and transform knowledge into insights. Equifax empowers government agencies to make more informed decisions, streamline operations, maximize program efficiency, reduce fraud and improper payments and enhance the user experience.

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An Equifax pilot conducted with Utah Department of Workforce Services found that use of Social Service Verifications resulted in quicker detection, earlier intervention and education for claimants who file while unemployed. Findings include:

- 50% of investigations found overpayment
- Overpayments found 5 months faster than original methods

