



## Commonwealth of Massachusetts Executive Office of Labor and Workforce Development

# Participating in the Unemployment Insurance Program

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# Unemployment Insurance Background

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- On August 14, 1935 President Roosevelt signed the Social Security Act, which laid the foundation for the national Unemployment Insurance (UI) program.
- UI is the primary safety net for jobless workers in MA and across the country.
- The UI program provides temporary income protection for workers who have lost their jobs and are:
  - Able to work,
  - Available for work, and
  - Actively seeking employment.
- In all states, the system is a federal-state joint venture. Employers either pay premiums in the form of state employment taxes, or self-insure, reimbursing the state dollar-for-dollar for benefits paid.
- UI is one of the most effective economic stabilizers, having a beneficial impact on individual workers and the communities where they live. The Urban Institute estimates that for every \$1 distributed in unemployment compensation, \$2 of economic activity is generated.



# Employer Responsibilities

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- Respond timely to requests for wage and separation information (1062/1074 forms)
- Respond timely to fact finding requests and requests for additional information
- Review monthly charges and formally request a review if there are inaccuracies
- Report employment and wage detail quarterly
- Report fraud
- Participate in the Hearings process
- Provide oversight to Third Party Administrators



# Wage and Separation Information

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- When a claimant files an unemployment claim, all employers within the last 15 months will receive a request for wage and separation information (Form 1062).
- For the employer to maintain its rights as an interested party to the claim, this form must be postmarked within 10 days of the mail date of the form.
- This form verifies or provides wage information and enables the employer to state the reason for separation.
- In many cases this information will trigger the creation of an issue or an additional investigation.
- In cases where a claimant has separated from a job during his/her benefit year, we will send a wage and separation request (Form 1074) to the separating employer.
  - Because a claimant can earn partial wages while being on an active unemployment claim, it is important that you complete this information even if you are currently paying wages to the claimant.



# Fact Finding Requests

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- When DUA is investigating a separation or other eligibility issue, we will ask you to participate in the process by providing an official statement either by mail or via a telephone interview.
- It is critical that you respond to this request timely so that you have an opportunity to present your information to DUA.
- If you do not provide information timely, DUA must make a decision based upon the information provided by the claimant.



# Review Monthly Charges

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- You will receive a statement for each month that benefits are charged to your account.
- This statement will list each claimant and the total charges per claimant, per week, for that specific month.
- You have the right to request a review of charges that are inaccurate within 30 days of the mail date of the reimbursable statement.



# Employment and Wage Detail

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- Every employer is required to report quarterly employment and wage detail information to DUA (G. L. c. 151A, § 14P).
- These reports are used to verify wage information for claims and process claims in a timely manner.



# Report Fraud

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- We welcome information from concerned individuals and employers who have credible information about suspected fraud.
- You can report cases of suspected fraud through one of the following methods:
  - Calling the Fraud Hotline — 1-800-354-9927
  - Emailing [uifraud@detma.org](mailto:uifraud@detma.org)
  - Writing to the U.I. Program Integrity Department, P.O. Box 8610, Boston, MA 02114
  - Faxing information to 617-723-5312
- We will investigate all fraud claims; however, not every case will result in a fraud determination.
- Because of the confidentiality of claims, we cannot report the outcome of the fraud investigation unless you are an interested party on the claim.





# Participate in Hearings Process

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- It is critical that employers participate in the hearings process. Hearings are “de novo,” which means that either party may present new evidence.
- A hearing is the employer’s opportunity to provide key information and rebut the claimant’s evidence.



# Oversight of Third Party Administrators

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- Third Party Administrators (TPAs) provide valuable services to municipalities by assisting them with their employment and wage detail reports as well as management of their claims.
- While TPAs provide these services on behalf of municipalities, it is the municipality that is ultimately responsible for the timeliness of requests and the quality of wage and separation information.
- Municipalities must actively manage their TPAs to ensure that information requests are returned timely and sufficient information is provided to DUA in order to avoid inaccurate charges.



# Combating Fraud

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- Protecting the integrity of the UI program and trust fund is a responsibility that DUA takes seriously.
- In addition to welcoming external information, we seek information from our DUA departments (Revenue, Hearings, Board of Review) as well as external agencies such as courts and police departments.
- We regularly perform cross-matches against external databases such as the National New Hire Directory and Department of Homeland Security to detect claimants who may be fraudulently collecting.
- DUA has established a Cross-Agency Task Force to proactively identify additional ways in which our Agency can prevent improper benefit payments and detect fraud.



# Recovering Overpayments

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- An “overpayment” is a payment that was made for a week that was ultimately determined ineligible or for an amount in excess of an adjusted weekly benefit payment.
- MA has the lowest overpayment rate in the nation. We continue to take proactive measures to reduce the amount of overpayments that occur.
- DUA utilizes multiple methods to recover overpayments:
  - o Offsets of future benefit payments
  - o Department of Revenue tax intercept
  - o Monthly billing process
  - o Criminal prosecution



## Appealing a Determination – Hearings Level

- Eligibility, monetary, and separation determinations are provided to employers and claimants via mail and can be appealed to the DUA Hearings Department.
- Employers and claimants must appeal a determination within 10 days of the mail date unless there is a compelling reason for the delay.
- Employers who fail to provide wage and separation information timely will lose their rights as a party to the appeal.



## Appealing a Determination – BOR and District Court

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- Any party dissatisfied with the Hearings decision may appeal to the Board of Review within 30 days of the date the decision is mailed.
- The Board has 21 days to decide whether to hear the appeal.
- Any party aggrieved by a Board decision, including a decision not to hear an appeal of the Hearings decision, may appeal to District Court within 30 days of the mailing date of the Board decision.



# Tips to Help Manage UI Costs

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- Forecast and budget for UI payments based upon trends and projections.
- Monitor your UI online account summary statement and monthly statements of benefits charged for accuracy.
- Call back separated workers if work becomes available.
- Report to DUA if one of your former employees returns to work.
- Document the circumstances surrounding each separation for reasons other than lack of work.
- Keep detailed records and respond to all requests for information timely.