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SENATE BILL 15*

Short Title:	Enhance UI Program Integrity/Reporting. (Public)

Sponsors:	Senators Rucho (Primary Sponsor); Clark, Hise, B. Jackson, Krawiec, and Tucker.

Referred to:	Rules and Operations of the Senate.

February 4, 2015

1   A BILL TO BE ENTITLED
2   AN ACT RELATING TO UNEMPLOYMENT INSURANCE PROGRAM INTEGRITY
3   ENHANCEMENT THROUGH UTILIZATION OF THE STATE'S BUSINESS
4   INTELLIGENCE AND DATA ANALYTICS, AS RECOMMENDED BY THE JOINT
5   LEGISLATIVE OVERSIGHT COMMITTEE ON UNEMPLOYMENT INSURANCE.
6   The General Assembly of North Carolina enacts:
7   **SECTION 1.** Chapter 96 of the General Statutes is amended by adding a new
8   Article to read:
9   "Article 5.
10   "Miscellaneous Provisions.
11   "**§ 96-35. Unemployment insurance program integrity; reporting.**
12   (a)   Findings and Purpose. – The General Assembly finds that program integrity
13   measures have been implemented by the Division to maximize the efficiency and effectiveness
14   of the State's unemployment insurance program. The purpose of this section is to assure that
15   these efforts shall include the rigorous and consistent use of business intelligence and data
16   analytics for enhanced unemployment insurance program integrity.
17   (b)   Required Activities. – To achieve the program integrity enhancements required by
18   this section, at a minimum, the Division shall do all of the following:
19   (1)   Prioritize Division program integrity efforts that maximize utilization of and
20   information sharing with or between these projects and initiatives in order to
21   prevent, detect, and reduce unemployment insurance fraud, improper
22   payments, overpayments, and other programmatic irregularities:
23   a.   Government Data Analytics Center (GDAC);
24   b.   Southeast Consortium Unemployment Insurance Benefits Initiative
25   (SCUBI); and
26   c.   Any other program integrity capabilities identified by the Division.
27   (2)   Coordinate efforts with the Office of Information Technology Services to
28   ensure that the Division identifies and integrates into its operations and
29   procedures the most effective and accurate processes and scalable tools
30   available to prevent payment of fraudulent, suspicious, or irregular claims.
31   (3)   Coordinate efforts with the Department of Revenue to enhance alerts
32   indicating circumvention of the payment of unemployment insurance taxes.
33   (4)   Coordinate efforts with the Department of Health and Human Services to
34   facilitate claims cross-matching and other appropriate steps to enhance
35   program integrity.

| | (5) | Coordinate efforts with the Office of State Controller to facilitate cross-matching and other appropriate steps using BEACON (Building Enterprise Access for North Carolina's Core Operation Needs). |

(c)   Quarterly Reporting. – Beginning April 1, 2015, and then quarterly thereafter, the Division shall make detailed written progress reports on its efforts to carry out all of the directives in this section to the Chairs of the Joint Legislative Oversight Committee on Unemployment Insurance, the Chairs of the Joint Legislative Oversight Committee on Information Technology, the Chairs of the House Appropriations Subcommittee on Natural and Economic Resources, the Chairs of the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division. At a minimum, the quarterly report shall include all of the following:

      (1)   Metrics regarding unemployment benefits overpayments, improper payments, and fraudulent payments, in terms of both percentage and dollar amount.

      (2)   Information on fraud perpetrator metrics, in terms of percent and value, by type (whether by employer or claimant), and activity subcategory, such as employee misclassification, unemployment insurance tax rate manipulation (SUTA dumping), fictitious employers, fictitious claimants, deceased claimants, incarcerated claimants, work and earn, and similar activities.

      (3)   Quantified investigation activity, including the following:

            a.   Type and subcategory of investigations.

            b.   Number of alerts received and from which system (whether GDAC or others).

            c.   Number of alerts investigated, including from which system the alert was generated.

            d.   Associated value of both the amount of benefits paid and the amount that was prevented from being paid.

            e.   Number of false positives.

            f.   Number of dispositions entered, including into which system.

(d)   Annual Reporting. – Beginning January 1, 2016, the Division shall make an annual report to the General Assembly on its efforts to carry out all of the directives in this section. At a minimum, each annual report shall include all of the following information:

      (1)   The methodology used by the Division to determine analytic priorities for unemployment insurance program integrity investigation.

      (2)   A report on the State's Benefit Accuracy Measurement (BAM) as required by the U.S. Department of Labor, including how North Carolina's BAM has changed over time and how its current rate compares to other states. The report shall also include an update on BAM methodology and information regarding how it might be modified.

      (3)   An explanation of the Division's unemployment insurance program integrity activities in coordination with the Office of Information Technology Services, the Department of Health and Human Services, the Department of Revenue, and the Office of State Controller as required by subsection (b) of this section.

      (4)   Division workflows, both intra-agency and interagency, to address process problems and program integrity issues, including identification of tools, resources, and plans for continued improvement of unemployment insurance program integrity efforts.

      (5)   An analysis of the information required by subsection (c) of this section, along with an explanation of how that information will be used to augment the State's business intelligence and data analytics capabilities to prevent,

1   detect, and reduce unemployment insurance fraud, improper payments,
2   overpayments, and other programmatic irregularities."
3   **SECTION 2.** This act is effective when it becomes law.