Memorandum

Montana Department of
LABOR & INDUSTRY

FROM: Montana Dept. of Labor & Industry
DATE: July 20, 2018
SUBJECT: HELP Act UI Fraud Waste and Abuse Identity Management System Summary

Update on Identity Management System

- MTDLI implemented the statutorily-mandated identity management system in January 2017.
- This system presents a knowledge-based quiz to all individuals filing for unemployment insurance benefits to confirm identity.
    - If the customer fails the quiz, an identity for that customer cannon not be located to generate a quiz, or the customer does not complete the quiz in the allotted time, the solution prevents the customer from continuing the online claim filing process.
- For the first year of production, the department paid the solution provider $316,470.
- In calendar year 2017, over 57,000 unique identities were assessed by the solution.
    - Over 80% passed the quiz and could complete their claim;
    - just under 20% failed.
    - The solution ultimately found a record to authenticate a UI claimant's identity 96% of the time.
- Over 4,100 customers sought assistance from claims processing staff to initiate or complete their UI claim after failing the online quiz. In these situations, UI staff asked the customer over the phone to answer questions generated by the solution. More than 81% passed, including nearly 3,000 who first failed a quiz when filing online.
    - Of the 1,100 who failed when assisted by staff, an identity record could not be found in the solution for 522 customers; another 369 customers failed the quiz twice (both online and over the phone).
- Assuming monetary eligibility and potential average weekly benefit amount of $332, a solution-based stoppage in 2017 could be preventing a fraudulent claim loss of between that amount or a maximum 28-week claim amount of $9,296.
    - *If just 10 percent* of the solution stoppages averted a fraudulent claim and the payment of one week of benefits, the avoided loss to the trust fund would exceed $450,000.