

By: Duncan

S.B. No. 956

A BILL TO BE ENTITLED

AN ACT

relating to reduction in benefit fraud and claim overpayments in unemployment compensation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 213, Labor Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. INITIATIVE FOR REDUCTION IN BENEFIT

FRAUD AND OVERPAYMENTS

Sec. 213.091. STATE AUDITOR REVIEW. (a) The state auditor shall conduct a review to identify:

(1) trends in benefit fraud and claim overpayments in the state unemployment compensation insurance program; and

(2) the possible causes of those trends, including:

(A) ineffective state policies;

(B) management and operational practices;

(C) weaknesses in existing computer cross-matching systems applicable to benefit recipients; and

(D) other factors considered appropriate by the state auditor.

(b) To the extent possible, the state auditor shall model the review on analogous fraud reviews conducted regarding other government benefit programs, such as the Medicaid program, and shall target those industries identified as most affected by fraud.

1 (c) The review must:

2 (1) research fraudulent schemes identified by other
3 states and how those schemes were detected;

4 (2) identify cost-effective strategies designed to
5 reduce fraud, reduce claim overpayments, and increase collections
6 of claim overpayments and leading to outcomes that the commission
7 can measure, track, and report; and

8 (3) include recommendations to the commission
9 regarding improvements to unemployment compensation claimant job
10 search and placement strategies designed to reduce the percentage
11 of claimants who exhaust their unemployment compensation benefits.

12 (d) The state auditor shall complete the review not later
13 than August 31, 2004.

14 (e) The commission shall fully cooperate with the state
15 auditor in the performance of the review and shall pay the costs of
16 the review with available resources from the unemployment
17 compensation administration fund.

18 Sec. 213.092. IMPLEMENTATION BY COMMISSION. (a) The
19 commission shall implement all viable unemployment compensation
20 insurance overpayment collection and fraud detection strategies
21 recommended by the state auditor.

22 (b) If feasible, the commission shall begin implementing
23 the state auditor recommendations as they are developed. The
24 commission shall complete implementation of the recommendations
25 not later than August 31, 2005.

26 Sec. 213.093. PROPOSED LEGISLATION REGARDING USE OF PRIVATE
27 COLLECTION AGENCIES BY COMMISSION. (a) In cooperation with the

1 state auditor, the commission shall develop proposed legislation
2 under which the commission is authorized to enter into contingency
3 fee contracts with private collection agencies to assist the
4 commission in implementing the recommended strategies identified
5 by the state auditor under Section 213.091 and in aggressively
6 pursuing uncollected overpayments of unemployment compensation
7 benefits.

8 (b) The proposed legislation must:

9 (1) establish a penalty for claimants whose
10 overpayments remain delinquent; and

11 (2) authorize the commission to use the amounts
12 received as penalties to pay the fees charged by the private
13 collection agencies.

14 Sec. 213.094. JOINT REPORT. (a) Not later than March 1,
15 2005, the state auditor and the commission shall submit a joint
16 report to the 79th Legislature that includes:

17 (1) all recommendations made to the commission in the
18 review conducted under Section 213.091;

19 (2) a description of the actions taken by the
20 commission as of the date of the joint report to implement those
21 recommendations and the impact of those actions on overpayment
22 rates and fraud identification;

23 (3) a description of actions taken by the commission
24 to reduce the rate of exhaustion of benefits by claimants to ensure
25 that claimants achieve employment more quickly; and

26 (4) any legislation proposed to improve the ongoing
27 future integrity of the unemployment compensation trust fund.

1 (b) The commission shall include in the joint report:

2 (1) a description of all activities that result in
3 measurable improvements to the unemployment compensation insurance
4 overpayment collection and fraud detection processes at the
5 commission; and

6 (2) the proposed legislation developed under Section
7 213.093.

8 Sec. 213.095. EXPIRATION. This subchapter expires
9 September 1, 2007.

10 SECTION 2. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2003.