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**ADVISORY: UNEMPLOYMENT INSURANCE PROGRAM LETTER NO. 29-02**

**TO : ALL STATE WORKFORCE AGENCIES**

**FROM : GRACE A. KILBANE  
Administrator  
Office of Workforce Security**

**SUBJECT : Data Sharing via the Interstate Connection Network (ICON) Between State Workforce Agencies (SWAs) and the Social Security Administration (SSA)**

- Purpose.** To inform SWAs of a project to facilitate the exchange of data with the SSA.
- Background.** As states implement telephone and Internet initial claims, they need tools to verify the identity of claimants. A means of verifying claimants' identity is through matching claimant information with SSA data during the new claims process. Currently, two SWAs (Utah and Wisconsin) connect directly with SSA to verify these data. Both states find the data obtained from SSA to be very useful in identifying potential fraudulent claims as well as preventing overpayments due to incorrect amounts of deductible Social Security benefits reported by claimants. Although both states are pleased with the data, each state's efforts to connect with SSA were time-consuming and complicated.

Over the last several years the SSA and U.S. Department of Labor (DOL) have explored the potential of data exchange between SSA and the SWAs via ICON a telecommunication network used for transmitting unemployment insurance (UI) data among the 53 SWAs. By using ICON to transmit data between SSA and the states, future state - SSA connections can be accomplished more easily.

- Project Description.** This initiative will permit a reciprocal exchange of data between participating states and SSA:

After issuance of this clarification, it was discovered that the retroactive date was inconsistent with the requirements of the Small Business Regulatory Enforcement Flexibility Act of 1996. That law requires submission to Congress before the policy may take effect, thereby precluding any retroactive effective date

SWAs' will be able to access SSA data as is currently done in Utah and Wisconsin. The SWAs will transmit the name, date of birth and SSN of the UI claimant when the claim is first initiated. SSA will check its various databases to determine the validity of the information submitted and, if available, provide information on pension receipt (amount of the SSA pension being received by the individual) and the results of checks against SSA's death status databases (if the social security number (SSN) matched a SSA benefit recipient).

The SSA will be able to access SWAs' UI wage record and claim information. SSA claims representatives will input the SSN of the applicant and the applicable state code(s). The response from the SWA provides:

- Most recent quarterly wage data.
- Weekly UI benefit payments.

SSA claims representatives will use these data in making Supplemental Security Income (SSI) eligibility determinations while the applicant is being interviewed. Although SSA receives data from the National Directory of New Hires (NDNH), the data lags by two to three months and is less useful for SSA purposes.

Lockheed Martin (LM), the contractor for ICON, will distribute model code/documentation to the states in June 2002. This code/documentation will assist states in embedding the software for the initial claim (IC) process to make the request to SSA.

For a more complete description of this project please refer to Attachment I.

4. **Effective Date.** The revised effective date of UIPL No. 39-97, Change 1, is July 1, 2002. States are advised that they will be held harmless for any action consistent with UIPL No. 39-97, Change 1, including the effective date of September 12, 1997.
5. **Implementation Costs.** Based on Utah and Wisconsin's experience it has been projected to cost the states about \$50,000 to implement the exchange of data with SSA. Since benefit cost savings are projected to outweigh implementation costs, states may wish to begin this initiative using current resources.

The President's FY 2003 Budget requests limited funds for SWAs programming efforts for the data exchange project involving SSA. If the funding is appropriated for these efforts, ETA will provide the funds through Supplemental Budget Requests (SBRs). Instructions on submitting SBRs for these purposes will be contained in a later UIPL along with due dates for submittal.

## 6. **Projected Timeline.**

FY 2002

- Documentation (model code) for state action available, June 2002.
- SSA and LM completion of the connectivity between the ICON HUB and the SSA network, August 2002.
- States have a plan in place to begin the necessary work to ensure software is embedded and screens designed to request and receive SSA data. States submit SBRs, August 2002.

FY 2003

- States receive SBR funding, October 2002.
- States begin work on the embedding of software and screen in their Initial Claims Process, October 2002.
- States and SSA sign data sharing agreements, to be determined.
- Data exchange system ready for operation, October 1, 2002.

## 7. **Action Required.**

- States will need to ensure that plans for embedding the necessary software in their initial claims process are in place by FY 2003.
- States should begin to develop the necessary screens to request and receive data from SSA. This should require dialogue between the state information technology personnel and state ICON programmers.
- States will need to look at their current data sharing agreement with SSA to determine whether it should be modified or a new agreement executed.

8. **Inquiries.** Inquiries should be directed to your Regional Office.

9. **Attachments:**

[I. DOL-SSA Project Design Document](#)

[II. Network diagram](#)

## **DOL-SSA Data Exchange Project Design**

The following document describes what and how the states and SSA will exchange data. Also, the benefits to each agency are identified as well as costs associated with this project.

### **What type of data the states will receive from SSA?**

As is currently done in Utah and Wisconsin, the SWAs would transmit the name, date of birth and SSN of the UI claimant when a claim is first initiated. SSA would check its various databases to determine the validity of the SSN submitted and, if available, provide information on pension receipt (amount of the SSA pension being received by the individual) and the results of checks against SSA's death status databases (if the SSN matched a SSA benefit recipient).

SSA's response to the inquiry contains the following data:

- Input data valid [the SSN submitted is a valid SSN and name/date of birth (DOB) matches]
- SSN invalid [SSN not issued, not a valid SSN]
- Birth date does not match
- Given name initials do not match
- Surname does not match
- Multiple SSNs used by individual with submitted name and DOB
- Amount and type of pension received (only if the state deducts social security pension from the weekly benefit amount)
- Death list information (if individual was a SSA benefit recipient)

SSA's verification program has tolerances in checking SSNs:

- Accepts one missing, extra or transposed letter
- If month of birth matches, year of birth can vary plus/minus one year
- If year of birth matches, month of birth can vary
- If surname does not match, accepts matching first name and month/year of birth
- Matches nine combinations for up to one incorrect digit

### **What information will SSA receive from the SWAs?**

SSA claims representatives would input the SSN of the applicant and the applicable state code(s) using a modified Wage/Benefits Inquiry (IBIQ) input screen. The response from the SWA provides:

- Most recent quarterly wage data
- Weekly UI benefit payments

SSA claims representatives will use these data in making Supplemental Security Income (SSI) eligibility determinations while the applicant is being interviewed. Although SSA receives data from the NDNH, the data lags by two to three months and is less useful for SSA purposes.

### **Data Transmission**

(Also see attached network diagram)

#### **How will the SWAs access the data from SSA? Through a process called Unemployment Insurance Query (UIQ)**

- \_\_\_ An automated process embedded in the claims taking software (for security reasons) would generate a request immediately upon the claims representative starting an initial claim.
- \_\_\_ The request would go through the ICON network to the ICON HUB where it would be routed to the SSA mainframe over a SSA leased line and a response would then be generated from the SSA system.
- \_\_\_ The SSA response would be routed back over the SSA leased line to the ICON HUB where it would be routed over the ICON network to the state agency mainframe and then to the UI claims representative's workstation.
- \_\_\_ UI claims representatives would receive an alert on their workstation screen if the name, date of birth, and SSN failed SSA's validation and/or if the claimant was receiving SSA benefits. If SSA checks against SSA's claims database revealed relevant death information, this would also be provided in the alert. The UI claims representative would then question the claimant further to resolve the discrepancy or establish an issue. [Note: SSA prisoner data are not available on-line and thus could not be part of the proposed data exchange initiative. States could still obtain prisoner data through the existing State Verification and Exchange System (SVES) if desired.]

#### **How will SSA access SWA's data? Through a process called Wage/Benefit Query (IBIQ).**

- \_\_\_ SSA claims representatives would enter the desired SSN and destination state on their workstation. The request would flow through SSA's telecommunications network to the SSA mainframe where it would be routed through a SSA leased line to the ICON HUB in Blythewood, S.C.
- \_\_\_ ICON would route the request over the ICON frame relay network to the destination state, where it would be treated as any other IBIQ request.
- \_\_\_ The response would flow from the responding state back

through the ICON network to the ICON hub and then through SSA's leased line to the SSA mainframe through SSA's telecommunications network to the SSA claims representative.

### **Security**

- \_\_\_ A cross-reference table will be housed at the ICON HUB to permit SWAs and SSA to exchange data only when a data sharing agreement is in effect. Also, the table will define which states will receive SSA pensions (those states that deduct SSA pensions from weekly benefit amounts).
- \_\_\_ Data sharing agreements must be signed by both the SWA and SSA in order to exchange data.
- \_\_\_ Lockheed Martin (LM) will sign a confidentiality agreement with SSA.
- \_\_\_ SWAs will need to ensure that the verification request process is embedded in the IC process in order to avoid browsing of the SSA network.
- \_\_\_ To ensure no browsing of the SWA's network, SSA management will monitor SSI claims to ensure the data received from the states are being used for the purpose of combating fraud. SSA will designate authorized personnel, have in place access controls and confidentiality safeguards and conduct periodic security reviews.

### **Estimated Costs**

#### **What are the SWA's costs?**

- \_\_\_ Two states have incurred costs to connect individually with SSA. The level of effort was very similar for each state and was approximately 2,000 staff hours in each state or slightly more than one staff year. The national average staff year cost is \$51,743, including non-personal services. Technical/Information Technology staff costs would be slightly higher.
- \_\_\_ Using ICON should reduce the state level of effort, largely due to the fact that there will be fewer individual state security issues and considerations since the existing ICON connection can be utilized rather than individual state connections.
- \_\_\_ States will also need to develop bridge software to bring together the initial claim request and convert it to the ICON system. Likewise, a bridge will need to be designed to receive the response from SSA during the initial claim process.

## **Additional Funding for the States**

The President's FY 2003 budget contains funds for states to help with the costs associated with the embedding of software at the onset of the initial claims process.

## **Benefits**

### **Why use ICON?**

There are several reasons why states should use ICON rather than independently having a direct connection with the SSA or using the SVES batch process. Some 30 states currently use the SVES process.

\_\_Security reasons. Providing access to SWAs via ICON will make connections easier and more secure. ICON is a private network and would provide a single point of entry or contact between the SWAs and SSA. LM would control the ICON traffic and provide basic security.

\_\_System configurations. There would not need to be multiple configurations to connect the states to SSA. The only connection needed is that from the ICON hub to SSA. There would, however, need to be added claims taking software in each state to connect the initial claims system generated request with the ICON network.

\_\_Real time data. States would be able to complete an initial claim by addressing identity and pension issues with the claimant thus eliminating the procedure of re-contacting the claimant at a later date, which will cost the state more in man hours.

### **What benefits will the SWAs notice?**

\_\_SWAs would achieve greater administrative/operational efficiencies:

- Data needed for accurate determination of pension offset (31 states reduce benefits if there is pension receipt) would be immediately available to the claims taker while the claim is being taken, thus eliminating the need to wait for information;
- Claimant identity verification would be strengthened by SSN/name verification and discrepancies would be immediately identified and addressed; and
- Customer satisfaction would be improved because more claims could be completed accurately without delays.

\_\_Cost Savings

- UT and WI project administrative cost savings in the amount of \$200,000 and \$300,000 respectively.

- UT conservatively projected a benefit (fraud and abuse) cost savings of \$357,000.
- Based on the cost-savings by UT and WI, states should expect to see a reduction in their administrative and benefit costs.

Icon Network detailing the connectivity of SWAs to SSA 04-05-02 (Picture)

