

New York “Killer App”

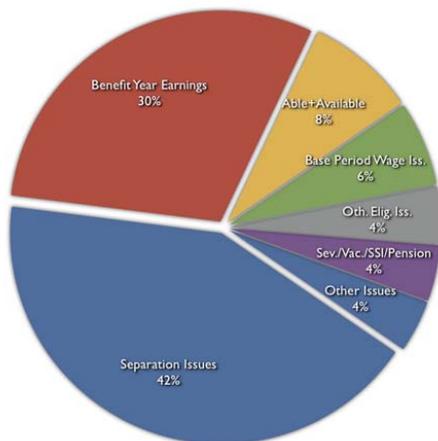
We have Internet Too: IP Blocking

The New York State Department of Labor (NYSDOL) has instituted Internet Protocol (IP) address blocking. People cannot certify for benefits while outside the country.

Background

NYSDOL started this process by collecting and storing all incoming Internet Protocol (IP) addresses from claimants who certify for benefits via the Internet. NYSDOL first worked with the Department of Homeland Security, submitting its IP address data for review. Homeland Security returned a list of identified foreign IP addresses for analysis. Homeland Security recommended, and NYS obtained, IP2Location™ software (see <http://www.ip2location.com/>), for use in matching and blocking foreign IP addresses during incoming claim or weekly certification requests. Initial analysis showed that over 1,000 claimants each week were certifying from outside the country. Through matching, NYSDOL’s investigators discovered that in a little more than 6 months over 18,000 claimants had certified for and collected UI benefits while outside the United States and Canada.

Figure 1: New York Causes of Improper Payments



The Proposed Solution

NYSDOL’s Planning & Technology staff worked with UI staff and the Department’s Office of Special Investigations to automate the process of stopping payments to these claimants. Department systems were updated to block foreign IP addresses from accessing our claim and weekly certification web pages. The block became effective as of June 1, 2011. When claimants attempt to initiate a claim, or certify from a disallowed location, they are advised: “*You are attempting to claim unemployment insurance from outside the United States, a U.S. Territory, or Canada. You may not claim benefits until you return to the United States, a U.S. Territory, or Canada.*”

Benefits of the Solution

The resulting fraud cases from these foreign-filed claims contributed to a 32% increase in cases closed over the prior year. Since January 2011, NYSDOL closed 17,180 cases and identified \$34 million in fraud. The January - June 2011 total surpasses the total fraud identified during 2007, 2008, and 2009 combined. The average fraud amount per claimant was \$1,980. Since blocking is now prospective and preventative, we estimate that approximately \$15.6 million in improper payments will be discouraged and prevented per year through this method.

During one benefit week in June, 753 claimants were blocked from filing 874 continued and original claims. The top five countries from which claimants attempted to certify during that week were the Dominican Republic (129), United Kingdom (67), Mexico (58), Italy (47), France (42), and Trinidad and Tobago (30). Between June 1st and October 26th, over 15,300 individuals have been blocked from certifying 18,545 weeks of benefit or making 2,053 original claims.

Aware of NYSDOL’s efforts, we believe those committing fraud now call or E-mail associates in the United States, provide them their benefit PIN, and ask them to file for them by internet or telephone. In June and July, this type of scheme was employed to claim 3,392 weeks of benefits that were initially blocked. New York is planning to use the award

grant to further improve its system by cross-identifying claims blocked as a result of foreign IP attempts and holding certification (often only hours or days later) until fact finding is conducted and the issue is cleared. We would also assist in making the application even more portable for other states.

Foreign IP blocking, and the next steps envisioned in New York, are impacting the problem of improper payments. This method prevents and reduces improper payments, and has been leveraged to uncover other frauds including a recent Disaster Unemployment fraud. IP blocking integrates with existing legacy and open source systems. Use of IP blocking protocols is a regular part of UI business. IP blocking cost only several thousand dollars to implement and has already saved over \$3 million in improper payments in just 5 months.

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