

DECISION DIGEST

Actual cases and rulings from Princeton Claims Management

AUGUST 2020

UI BENEFITS ERRONEOUSLY APPROVED MUST BE REPAYED

Background

A member of a hospital's senior management team had his salary reduced by 15% due to the loss of revenue resulting from COVID-19. The reduction in pay was temporary for all leadership positions and would be restored when the hospital's finances improved. The employee's hours remained the same, as did his benefits. Although the manager understood the hospital's financial predicament, he was dissatisfied with the change because it was through no fault of his own and filed an UI claim to supplement his lost income.

Process

The employee (claimant) filed a claim and was held eligible for regular UI benefits, establishing a weekly benefit rate of \$713 with a partial rate of \$855. Although the claimant earned more than his partial rate for all of the weeks claimed, he was paid full benefits. State claims examiners were challenged by the staggering number of claims filed in a short time and were unable to review all claims for eligibility. Although the claimant was not unemployed, he received full UI benefits for 8 weeks. In week 9, his claim was finally reviewed and he was held ineligible and owed a non-fraud refund because he was employed full time.

The claimant pursued an appeal to the Appeal Tribunal and participated in a hearing with an employer witness and its agent (Princeton Claims Management). He argued that he filed the unemployment claim in good faith because the Governor was encouraging all workers adversely affected by the pandemic to apply. He further contended he properly reported his wages each week and should not be penalized for the State's mistake. He acknowledged receiving more than \$5000 in UI benefits. The employer's witness testified that the claimant worked full time and earned more than \$1500.00 a week after the reduction in pay. She further testified that the claimant's pay cut was temporary and he continued to earn wages in excess of his partial rate of \$855.00 and should not have been eligible for UI benefits.

Judgment

In the Appeal Tribunal's decision, the examiner cites N.J.A.C. 12:17-8.5 which states "an individual's eligibility for weekly benefits shall be reduced by an amount equal to any wages or remuneration received in excess of 20 percent of the individual's weekly benefit rate". Since the claimant worked full time and earned more than his partial rate of \$855, he is not considered unemployed and is therefore ineligible for UI benefits. Further, he is subject to repay UI benefits, despite the State's error in paying him.

This case illustrates that even if the State is delayed in reviewing a claim and an individual receives UI benefits he/she is not entitled to, the claimant is still subject to a non-fraud refund and must repay the money.

For more information about Princeton Claims Management or unemployment insurance eligibility amid COVID-19 please contact *LuAnne Rooney Frascella* at 609.936.2207 or lfrascella@njha.com.