

# Payment Integrity Scorecard

**Program or Activity**

Internal Revenue Service - Refundable Premium Assistance Tax Credit

**Reporting Period**

Q2 2023

**FY 2022 Overpayment Amount (\$M)\***

**\$578**

\*Estimate based a sampling time frame starting 1/2019 and ending 12/2019



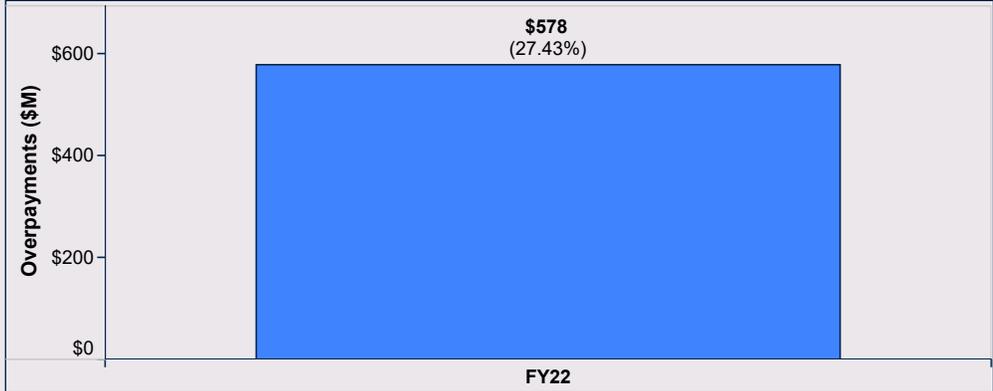
**Treasury**

Internal Revenue Service - Refundable Premium Assistance Tax Credit

**Brief Program Description & summary of overpayment causes and barriers to prevention:**

The Premium Tax Credit (PTC) is a refundable credit that helps eligible individuals and families cover the premiums for their health insurance purchased through the Marketplace. Overclaims are from program design limitations and inability to authenticate. Barriers caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed. Authentication is difficult because the IRS relies primarily on the self-reported information from the taxpayers and there is a lack of internal or external databases available with information that would help the IRS determine eligibility.

**Historical Payment Rate and Amount (\$M)  
(Overpayment as Percentage of Total Outlays)**



**Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments**

- Pre-Refund Examinations – The IRS identifies tax returns and amended returns (or, in the case of amended returns, prevents the issuance of the refund) for examination and holds the refundable portion of the refund until an audit can be completed.
- Math Error Adjustments – Automated process in which the IRS has been granted statutory authority to identify certain math or other computational irregularities and automatically adjusts the return for the taxpayer.
- Pre-Refund Automated Questionable Credit Program – Automated program designed to protect revenue by covering returns that are currently untreated or undertreated by other available programs across the IRS.

Accomplishments in Reducing Overpayment		Date
1	Software Developer Working Group (SDWG) - The FY 2023 First Quarter SDWG meeting was held to discuss issues and concerns related to refundable tax credits including the PTC, as well as the Return Preparer Strategy (RPS) FY 2023 treatments.	Oct-22
2	Math Error Authority Adjustments – The IRS used its statutory authority to deploy this automated process to identify certain math or other computational irregularities and automatically adjusted the return for the taxpayer.	Mar-23
3	Pre/Post-Refund Activities Examination Closures – The IRS conducted audits of returns claiming the PTC to recapture payments that were made to potentially ineligible taxpayers or payments for the wrong amount that were made to eligible taxpayers.	Mar-23

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Goals towards Reducing Overpayments		Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Conduct pre-refund audits.	On-Track	Sep-23	1 <b>Recovery Activity</b>	Examination Closures- IRS conducted post refund audits selected by Dependent Database (DDb) to recapture payments that were made to potentially ineligible taxpayers or payments for the wrong amount that were made to eligible taxpayers.	Through the second quarter of FY23, the IRS has completed examinations of more than 1,814 returns claiming the PTC, protecting more than \$10.3M.
2	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-23			

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
<b>\$503M</b>	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	Authentication is difficult because the IRS relies primarily on the self-reported information from the taxpayers and there is a lack of internal or external databases available with information that would help the IRS determine eligibility.	Cross Enterprise Sharing - sharing of documents, processes, and opportunities with intra-agency partners and stakeholder. Potentially managed through federated repositories and a registry to create a longitudinal connection to information used to mitigate Improper Payments	The IRS will so continue to collaborate with the Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS) through the Premium Tax Credit Workgroup and Sub-Workgroup on issues related to improper payments of the PTC.
<b>\$75M</b>	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Barriers caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed.	Change Process – altering or updating a process or policy to prevent or correct error.	The IRS will continue to hold its annual Dependent Database (DDb) meetings with stakeholders in the Wage & Investment, Small Business & Self Employed, and IT divisions, to evaluate the value of prior-year compliance filters for audit selection of returns claiming the PTC.