

# Payment Integrity Scorecard

**Program or Activity**  
Internal Revenue Service - Refundable Premium Assistance Tax Credit

**Reporting Period**  
Q1 2024

**FY 2023 Overpayment Amount (\$M)\*** **\$958**

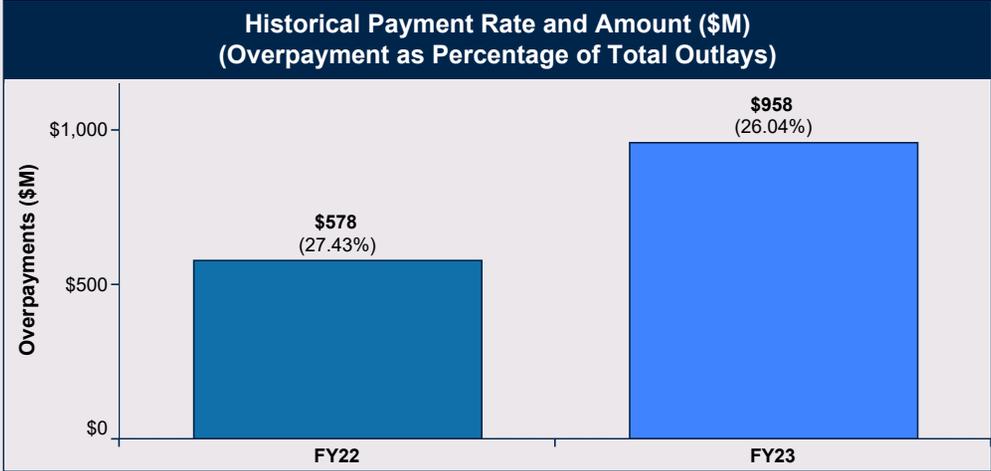
\*Estimate based a sampling time frame starting 1/2020 and ending 12/2020



**Treasury**  
Internal Revenue Service - Refundable Premium Assistance Tax Credit

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

The Premium Tax Credit is a refundable credit that helps eligible individuals and families cover the premiums for their health insurance purchased through the Marketplace. ~\$0.83B of Net PTC overclaims are from program design limitations. Barriers caused by program design occur when information needed to confirm payment accuracy is not available at the time the return is processed. ~ \$0.12B of Net PTC overclaims are from the inability to authenticate eligibility because the data needed does not exist. Authentication is difficult because the IRS relies primarily on self-reported information from the taxpayers and there is a lack of internal or external databases available with information that would help determine eligibility.



**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 credit 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**

	Accomplishments in Reducing Overpayment	Date
1	Tax Professional Awareness Week (TPAW) - IRS planned its inaugural Tax Professional Awareness Week to begin January 8, 2024. TPAW is designed to equip tax professionals with tools and information to help them prepare accurate returns.	Oct-23
2	IRS.gov Premium Tax Credit (PTC) Eligibility Microsite Updates – The IRS completed its annual updates to the PTC Eligibility microsite within IRS.gov, in preparation for the 2024 filing season. The microsite contains an overview of the eligibility requirements for the PTC.	Nov-23
3	Refundable Credits Summit – The objectives of the 2023 Summit were to share information on current IRS compliance and outreach activities and to solicit input on ways to increase participation, improve administration and reduce overclaims with respect to the PTC.	Nov-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-24	1 Recovery Activity	Examination Closures – The IRS uses the Dependent Database (DDb), a risk-based scoring and selection application that is designed to identify potentially ineligible tax returns claiming refundable credits.	In the first quarter of FY24, the IRS completed examinations of nearly 100 returns claiming the PTC, protecting more than \$166,000.
2	Reject electronic returns with missing or inconsistent information via math error.	On-Track	Sep-24	2 Recovery Activity	Ghost Preparer Letter 6623, Correspondence Sent to Taxpayers to Request Paid Tax Preparer Information	Approximately 1,000 Ghost Preparer Letter 6623, Correspondence Sent to Taxpayers to Request Paid Tax Preparer Information, were sent to taxpayers nationwide.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$834M	Overpayments outside the agency control that occurred because the Data/Information Needed Does Not Exist.	Majority of Net PTC overclaims are from program design limitations. 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, to evaluate the value of prior-year compliance filters for audit selection of returns claiming PTC and identify improvement opportunities for next filing season.
\$125M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	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 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.