Payment Integrity Scorecard

Program or Activity
Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC)

Reporting Period
Q1 2024

FY 2023 Overpayment Amount ($M)* $362

*Estimate based a sampling time frame starting 7/2020 and ending 6/2021
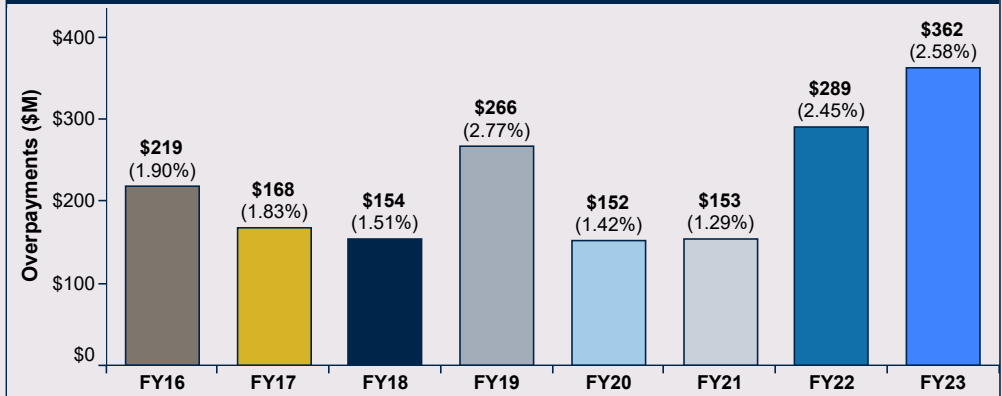
U.S. Department of Agriculture
Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC)

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

RMA administers the Federal Crop Insurance Program which provides crop insurance to farmers and ranchers. Approved Insurance Providers (AIPs) sell and service the policies through a partnership with RMA and share in the risk associated with losses. RMA's review of improper payments provides results data in which the cause of improper payments (i.e., administrative, certification, process errors, etc.) can be identified along with a means of reducing barriers that may prevent payments from being proper.

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

Bar chart — Overpayments ($M):
- FY16: $219 (1.90%)
- FY17: $168 (1.83%)
- FY18: $154 (1.51%)
- FY19: $266 (2.77%)
- FY20: $152 (1.42%)
- FY21: $153 (1.29%)
- FY22: $289 (2.45%)
- FY23: $362 (2.58%)

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

Finalizing nationwide program review related to unit structure qualifications as part of RMA's Fiscal Year 2023 Corrective Action Plan. Presented the Fiscal Year 2023 PIIA results and Fiscal Year 2024 PIIA sample data to Approved Insurance Providers (AIPs) at the National Crop Insurance Services (NCIS) Claims Managers Conference in Kansas City. Regional Compliance Offices (RCOs) will present Fiscal Year 2023 PIIA results and Fiscal Year 2024 PIIA sample data at Regional NCIS Meetings.

	Accomplishments in Reducing Overpayment	Date
1	Achieved and reported a tolerable improper payment rate for FY2023.	Oct-23
2	Attended Improper Payment Town Hall #4 meeting.	Oct-23
3	Reported FY2023 Qtr. 4 recoveries.	Dec-23

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	Goals towards Reducing Overpayments	Status	ECD
1	Continue issuing Initial Findings, Final Findings, and Closure Letters to Approved Insurance Providers (AIPs) as part RMA's unit structure program review. This review addresses errors inside the agency's control in which AIPs fail to access Federal Crop Insurance Corporation's policies and procedures resulting in potential improper payments.	On-Track	Mar-24
2	In a continued effort to reduce improper payments outside the agencies control RMA is conducting a program review of rainfall index policies to determine if policies were sold and serviced in accordance with policy and procedure. Specifically, the review will verify the accuracy of insured colonies and acreage for policies selected.	On-Track	May-24

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Audit	AIPs are notified of any overpayments through RMA's Compliance Activities and Results System (CARS) in accordance with the Standard Reinsurance Agreement requirements. They are then tracked, collected, and verified through RMA's accounting system.	AIPs are notified of any overpayments through RMA's Compliance Activities and Results System(CARS) in accordance with the Standard Reinsurance Agreement requirements. They are then tracked, collected, and verified through RMA's accounting system.
2	Recovery Activity	AIPs are notified of any overpayments through RMA's Compliance Activities and Results System (CARS) in accordance with the Standard Reinsurance Agreement requirements. They are then tracked, collected, and verified through RMA's accounting system.	AIPs are notified of any overpayments through RMA's Compliance Activities and Results System (CARS) in accordance with the Standard Reinsurance Agreement requirements. They are then tracked, collected, and verified through RMA's accounting system.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$194M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	These types of overpayments result from situations where the data/information needed does exist and can be accessed however, a breakdown in the administrative or procedural processes caused the payment to become improper.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	To further assess improper payments associated with unit structure, RMA is conducting a unit structure program review to Identify potential program vulnerabilities and, if necessary, analyze and evaluate current procedural language to determine if changes are needed.
$168M	Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed.	Overpayments outside the agency's control consist of a variety of certification errors by the policyholders. These types of errors occur during the certification processes or when certifications cannot be supported with acceptable documentation/records.	Behavioral/Psych Influence - uses principles from the behavioral sciences such as psychology, neuroscience, and behavioral economics to understand how individuals absorb, process, and react to information and applies this to design practical policies and interventions.	RMA issued an Informational Memorandum reminding external stakeholders of procedural requirements related to acreage reporting for rainfall index policies. The memorandum will emphasize the importance of applying procedures correctly to ensure certification accuracy.