

Payment Integrity Scorecard

Program or Activity

Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC)

Reporting Period

Q2 2024

FY 2023 Overpayment Amount (\$M)*

\$362

*Estimate based a sampling time frame starting 7/2020 and ending 6/2021



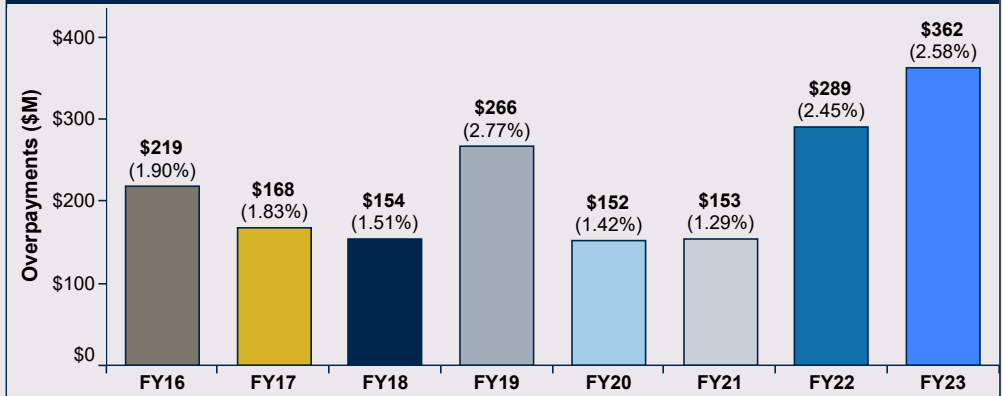
United States Department of Agriculture

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)



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

Risk Management Agency's (RMA's) Regional Compliance Offices (RCOs) attended a variety of National Crop Insurance Services (NCIS) meetings where they presented the FY2023 improper payment results to Approved Insurance Provider (AIP) representatives. The meetings provided an opportunity for RMA to address overpayments identified by region and outline Corrective Action Plans (CAPs) the agency plans to initiate to reduce improper payments. Additionally, RMA will finalize AIP Performance Reviews (APR). Finalized reports include vulnerabilities identified in AIP processes that may lead to improper payments. AIPs and RMA will work together to address the outcomes identified in the APR report.

Accomplishments in Reducing Overpayment		Date
1	RMA participated in the OIG's entrance conference for USDA's Compliance with Improper Payment Requirements for Fiscal Year 2023 review. This review, when completed, will note OIG's determination of compliance or non-compliance of the federal crop insurance program.	Feb-24
	RMA issued Product Management Bulletin: PM-24-005 which provided stakeholders with eligibility requirements for Supplemental Coverage Option and Stacked Income Protection Plan with Agriculture Risk Coverage and Price Loss Coverage.	Jan-24
	RMA published Product Management Bulletin: PM-24-018 which provided Approved Insurance Providers, Agents, and policyholders additional information and tools regarding the Hurricane Insurance Protection - Wind Index (HIP-WI) Tropical Storm Option (TS).	Mar-24

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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 RMA previously issued an Informational Memorandum reminding external stakeholders of procedural requirements related to acreage reporting for rainfall index policies. RMA will conduct data analysis of improper payments related to rainfall index policies in order to assess the effectiveness of this memorandum.	On-Track	Jul-24	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 RMA issued initial findings to Approved Insurance Providers (AIPs) for all policies in which unit structure errors were identified. AIPs will have 45 days to respond to initial findings or make applicable policy changes. Additionally, RMA initiated phase two of this program review expanding the scope by selecting additional policies for review.	On-Track	Oct-24	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.