Payment Integrity Scorecard

Program or Activity	Reporting Period	FY 2023 Overpayment Amount ($M)*	$362
Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC)	Q3 2024		

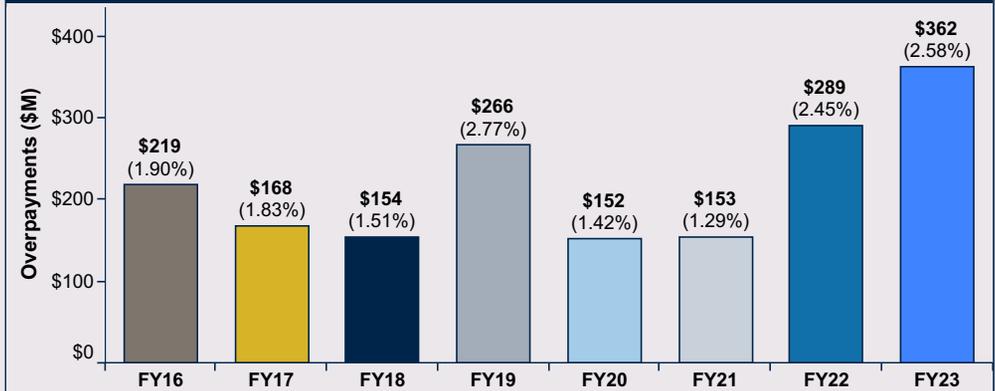*Estimate based a sampling time frame starting 7/2020 and ending 6/2021

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)

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

As part of its payment integrity actions, RMA conducted improper payment review training in preparation of the FY2025 review period. The training included, but was not limited to; the FY2025 timeline, a walkthrough of the review process, procedures on recording review results, issuing findings and closure letters, and changes to policies and procedures. Additionally, RMA's Midwest Regional Compliance Office initiated the 2024 Cigar Binder Tobacco review. This review is being conducted to ensure the Approved Insurance Providers (AIPs) are conducting adequate reviews on the insurability of the tobacco, consequently deterring improper payments. As part of its outreach initiative, RMA issued Informational Memorandum: COM-24-004 which reminded AIPs of their requirement to conduct Conflict of Interest reviews in accordance with the Livestock Price Reinsurance Agreement (LPRA) Appendix IV and also provided an updated Review Requirement Matrix.

	Accomplishments in Reducing Overpayment	Date
1	Concluded the FY2024 improper payment (IP) reviews and reported a tolerable IP error rate of 2.43% to the Office of the Chief Financial Officer.	May-24
2	RMA Compliance concluded the Approved Insurance Provider (AIP) Performance Reviews and issued preliminary reports to the AIPs included in the current cycle. The reports outline any outcomes of the review and agreed upon corrective actions.	Jun-24
3	RMA was determined to be compliant by the Office of Inspector General as part of their audit of USDA's Fiscal Year 2023 improper payment requirements.	Jun-24

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	Goals towards Reducing Overpayments	Status	ECD
1	RMA issued Corrected Final Findings to Approved Insurance Providers (AIPs) for the policies in which the unit structure was in error. AIPs have made the corrections to the identified policies. Additionally, RMA initiated phase two of this program review expanding the scope by selecting additional policies for review. Review Request letters have been sent to the AIPs for the policies identified.	On-Track	Jul-25
2	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. Due to the timeframe of the improper payment review schedule results will be captured and reviewed at the end of the FY2025 reporting period.	On-Track	Oct-25

	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.