

# Payment Integrity Scorecard

## Program or Activity

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

## Reporting Period

Q4 2024

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

**\$362**

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



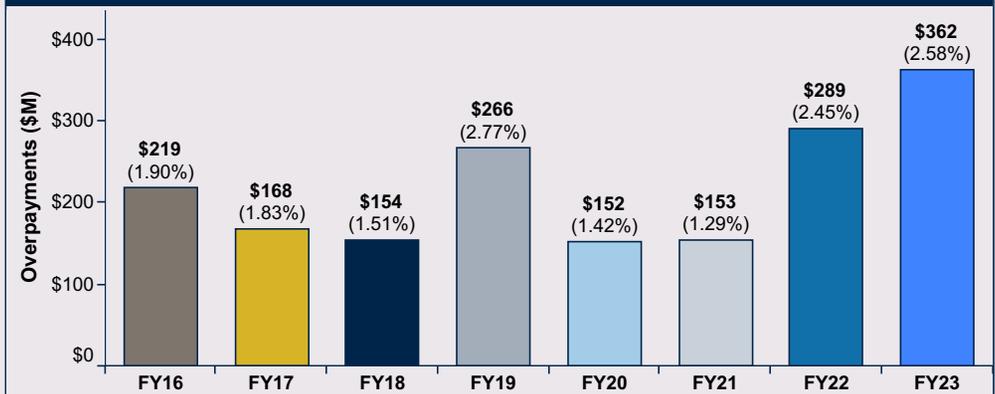
## U.S. Department of Agriculture

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)



### 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 participated in the National Crop Insurance Service's Train the Trainer meeting. This meeting serves to inform external stakeholders of policy updates, new policies, and program overviews effective for the subsequent reinsurance year. Informing external stakeholders of new and updated policies and procedures helps assure accuracy and consistency in the sales and servicing of crop insurance policies helping reduce the potential of future improper payments. RMA also issued Informational Memorandum-COM-19-001.1, an Informational Memorandum that defined the requirements of \$200K reviews per Appendix IV of the Livestock Price Reinsurance Agreement. The memorandum informed AIPs that the \$200K review requirement is for one \$200K Indemnity Review for each eligible livestock price insurance contract (ELPIC) per RY (instead of one \$200K Indemnity Review per producer per RY) and is applicable for all LPRA plans of insurance including Weaned Calf Risk Protection (WCRP) establishing consistency in the \$200K review process. The Southern Regional Compliance Office and Eastern Regional Compliance Office initiated a program review on STAX and ARC/PLC policies. The review focuses on identifying crop insurance policies that have duplicate coverage which could lead to improper payments.

### Accomplishments in Reducing Overpayment

|   |   | Date   |
|---|---|--------|
| 1 | The Office of Inspector General deemed RMA compliant in its most recent audit of USDA's Fiscal Year 2023 improper payment requirements.   | Jun-24 |
| 2 | RMA initiated its FY2025 improper payment review process. The results of these reviews will be used to calculate RMA's FY2025 improper payment error rate and Corrective Action Plans.  | Jul-24 |
| 3 | RMA participated in the Data Mining Steering Committee meeting, in which representatives from Approved Insurance Providers and RMA representatives meet to discuss a variety of issues which include, but are not limited to, payment integrity issues. | Sep-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<br>RMA completed and closed phase one of its unit structure program review. Results were analyzed and a corrective action plan developed.   | Completed | Jul-24 | 1<br>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<br>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. | Completed | Oct-24 | 2<br>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. |