

## **COM-15-001: Risk Management Agency Improper Payment Reviews**

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Date

January 15, 2015

To

All Approved Insurance Providers

All Risk Management Agency Field Offices

All Other Interested Parties

From

Heather Manzano, Deputy Administrator for Compliance /s/ Heather Manzano

Subject

Risk Management Agency Improper Payment Reviews

### **Background**

The United States Department of Agriculture (USDA), Risk Management Agency (RMA) is required, in accordance with Appendix C of Office of Management and Budget (OMB) Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments dated October 20, 2014, to review a randomly selected, statistically valid sample of Federal crop insurance policies to determine whether there has been an improper payment.

[obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2015/m-15-02.pdf](http://obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2015/m-15-02.pdf)

Past compliance with this mandate was accomplished through the National Program Operations Review process. In January 2014, citing concerns raised by the Office of the Inspector General, OMB rescinded its approval of the methodology and instructed RMA to develop a new methodology for measuring improper payments.

## **Action**

To comply with the above mandate and OMB's requirements, RMA has developed a new sampling and review methodology. RMA has randomly selected a statistically valid sample of reinsured policies for review from the 2013 reinsurance year (RY). The policies will be reviewed to estimate an improper payment rate for the program as a whole. No improper payment rate will be estimated for an individual AIP.

Notifications will be sent by Regional Compliance Offices (RCO) to selected policyholders and the AIPs who serviced the selected policies for the 2013 RY. Policyholders will work through their AIP to provide the required documentation. AIPs will provide all applicable policyholder and AIP documentation to RMA. The RCO will conduct a review of the information in accordance with current compliance policy and procedure. Detailed written information concerning the new process will be provided directly to AIPs and will also be discussed at the upcoming 2015 NCIS National Claims Managers' Conference on January 22, 2015.

### **DISPOSAL DATE:**

December 31, 2015