

COM-15-004

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Date

October 27, 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 Supplemental Measures Review

Background

The United States Department of Agriculture (USDA), Risk Management Agency (RMA) is required annually, in accordance with Appendix C of the Office of Management and Budget (OMB) Circular No. A-123, Requirements for Effective Estimation and Remediation of Improper Payments dated October 20, 2014, to estimate and report an improper payment rate for the Federal crop insurance program. Further, this Circular requires agencies with high-priority programs to establish annual or semi-annual supplemental measures for reducing improper payments. Supplemental measures are actions for correcting the root causes of improper payments.

OMB classified the Federal crop insurance program as a “high-priority” program when RMA exceeded OMB’s \$750 million threshold in fiscal year (FY) 2014. As a result, RMA is required to post supplemental measures for FY 2015 on PaymentAccuracy.gov, the improper payments website created under Executive Order 13520, Reducing Improper Payments.

RMA established a supplemental measure for acreage discrepancies, which have historically been a significant source of improper payments and can result in overpaid or underpaid premiums, premium subsidy, indemnities, and Approved Insurance Provider (AIP) administrative and operating reimbursements.

To comply with the above mandate, RMA used data mining techniques to extract a list of insureds with acreage discrepancies between the insured acres reported to RMA, and the Cropland acres reported to FSA in RY 2015. This identified approximately 19,000 insureds who reported differences greater than 100 acres. RMA selected a sample of the insureds from this list and chose a minimum of 8 crop policies to no more than 100 crop policies for each AIP to review.

Action

A list of insureds will be provided to each AIP through Hyper Dynamic Reporting Application (HYDRA) to analyze whether any acreage discrepancies exist between the RMA reported acres and the FSA reported acres for RY 2015 and report back their results to RMA.

Notifications were transmitted to each AIP on October 15, 2015. AIPs are to review each policy listed for the 2015 crop year to determine whether their acreage data for crop insurance purposes is correct. If the review identifies an error, the AIP will correct the acreage information for RY 2015. AIPs do not need to report the financial impact of the discrepancy on the spreadsheet but will report through HyDRA the acreage results for each review, whether there was an error, its type, and that acreage corrections were completed. RMA will utilize this information to determine whether the target rate was met and the effectiveness of the supplemental measure.

Please upload your results when reviews have been completed for the entire list of policies by no later than January 15, 2016.

Additional guidance is included in the Frequently Asked Questions (FAQs) attachment.

DISPOSAL DATE:

December 31, 2016