

COM-16-005: Risk Management Agency Supplemental Measures Review

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Date

September 29, 2016

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

9/29/2016

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 annually on PaymentAccuracy.gov, the improper payments website created under Executive

Order 13520, *Reducing Improper Payments*, until further notice from OMB.

RMA established a supplemental measure for acreage errors 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.

Action

To comply with the above mandate, RMA selected a sample of eligible crop insurance contracts (ECICs) which will be sent to each AIP to verify RMA acreage. The list of ECICs will be provided to each AIP through Hyper Dynamic Reporting Application (HyDRA) to verify the accuracy of the acreage reported to RMA.

RMA will send the list of ECICs to each AIP no later than October 31, 2016. AIPs are to review each ECIC listed for the 2016 crop year to determine whether the acreage data reported for crop insurance purposes is correct. If the review identifies an error, the AIP will correct the acreage information for Reinsurance Year (RY) 2016. AIPs should report the corrected amount of acreage on the spreadsheet and note whether there was an error, its type, and that acreage corrections were completed. The AIP will submit the completed spreadsheet to RMA through HyDRA. RMA will utilize this information to determine 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 31, 2017.

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

DISPOSAL DATE:

December 31, 2017