

Payment Integrity Scorecard

| | | | |
|---|-----------------------------|-----------------------------------|-------|
| Program or Activity Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC) | Reporting Period Q3 2025 | FY 2024 Overpayment Amount (\$M)* | \$574 |
|---|-----------------------------|-----------------------------------|-------|

*Estimate based a sampling time frame starting 7/2021 and ending 6/2022

USDA 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

In April, RMA issued COM-25-002 which clarified responsibilities of Approved Insurance Providers regarding \$200K Indemnity Reviews for Livestock/Dairy plans of insurance. These reviews (Data Mining, Individual Policy, Conflict of Interest, and \$200,000 Indemnity (\$200K)) are intended to address suspected anomalies, program integrity concerns, or to ensure that a company's internal control processes are operational and effective. RMA also issued multiple Fact Sheets applicable to new Livestock and Dairy plans of insurance that, in part, educate policyholders of their responsibilities in order to ensure payment integrity. Additionally, a Q&A was issued addressing the Hurricane insurance Protection - Wind Index Endorsement. RMA recognizes the role that educating our external stakeholders plays in maintaining program integrity and helping reduce future improper payments.

| Accomplishments in Reducing Overpayment | | Date |
|---|--|--------|
| 1 | Participated in OCFO's Improper Payment Work Group meeting where OCFO provided the FY2025 deliverables and due dates along with other important payment integrity updates. | May-25 |
| 2 | RMA was found compliant with all PIIA requirements per Fiscal Year 2024 Payment Integrity Information Act (PIIA) Performance Audit conducted by KPMG. | May-25 |
| 3 | Presented RMA's FY2025 improper payment results to Senior Leadership and RMA's Compliance Division in order to increase awareness of RMA's payment integrity efforts. | Jun-25 |

Payment Integrity Scorecard

Program or Activity
Risk Management Agency (RMA) Federal Crop Insurance Corporation (FCIC)

Reporting Period
Q3 2025

| Goals towards Reducing Overpayments | | | Status | ECD | Recovery Method | Brief Description of Plans to Recover Overpayments | Brief Description of Actions Taken to Recover Overpayments |
|-------------------------------------|--|-----------|--------|-----|-------------------|---|---|
| 1 | To assure consistency and compliance with the Spot Check List requirements a Regional Compliance Office conducted a program review regarding the accuracy of the Approved Insurance Provider's spot check list review procedures. All stages of the program review have been completed and a Compliance Report of Findings submitted to the Deputy Administrator of Compliance. The report includes recommendations to assure payment integrity of the spot check list review process in subsequent years. | Completed | Apr-25 | 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 | As part RMA's Cotton Loss Adjustment program review, all field inspections and Claim reviews have been completed, AIPs have been notified of the results, and findings have been recorded. | Completed | May-25 | 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 |
|---------|--|---|--|---|
| \$467M | Overpayments outside the agency control that occurred because of a Failure to Access Data/Information Needed. | Improper payments associated with the failure to access data/information are often related to errors in which external stakeholders do not follow Federal Crop Insurance Corporation (FCIC) policies and procedures or are the result of calculation/administrative errors. | Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. | A cotton loss adjustment review will determine if adjusters are performing loss adjustment procedures correctly when determining production to count. The anticipated impact is improved accuracy in carrying out FCIC procedures, helping reduce improper payments. |
| \$107M | Overpayments outside the agency control that occurred because of an Inability to Access the Data/Information Needed. | Overpayments due to the inability to access data/information needed are often the result of errors committed by policyholders at the time of certification or by the Approved Insurance Providers who are responsible for the sales and service of the FCIC program. | Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. | A Spot Check List program review will determine compliance of the AIP's review processes and the accuracy of producer certifications. RMA anticipates the impact will lead to consistency in the AIP's review processes and improved accuracy in certifications by the producers. |