Getting Payments Right

Goal Leaders

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- Established a CFOC Improper Payment Working Group (WG) representing improper payment subject matter experts from across the Federal Government.

- Developed and executed an in depth survey to better understand root causes and barriers to reducing improper payments that result in cash loss to the Federal government.

- Modified select milestone dates to align with the in depth analysis being conducted by the WG.

- Based on survey results, the WG is preparing comprehensive recommendations to streamline improper payment requirements and improve the prevention of cash loss.

Goal Statement

Reduce the cash loss to the tax payers by issuing payments correctly the first time and, as appropriate, recovering funds that were paid incorrectly.

Challenge

While improper payments may compromise citizens' trust in government, they are not always indicative of fraud, nor do they necessarily represent payments that should not have been made. The cash loss to taxpayers is not only the incorrect payment, but also includes costs associated with prevention and recovery.

Opportunity

To improve the efficiencies of government programs by focusing on getting government payments right the first time they are made and reducing the cost associated with an incorrect payment.

The impact of an individual improper payment is larger than the monetary value of the payment

- More than one in three of the 90 VA disability claims reviewed in 2014 were incorrectly processed, according to an audit by the VA Office of Inspector General. Veterans who receive overpayments often get an unexpected bill when the VA fixes the mistake. In four cases involving overpayments, the VA overpaid veterans totaling $139,052.

- When an improper payment occurs within government healthcare programs due to billing mistakes such as duplicate payments, billing for medically unnecessary or, non-covered services, it can cause the government to pay more and may result in beneficiaries having to pay higher out-of-pocket costs for healthcare.

Recovering an improper payment is often difficult and inefficient

- The Federal government has only been able to recover approximately $0.47 of every $1.00 overpayment identified between 2013 and 2017.

Reduce the Amount of Cash Loss

- Identify why we are making incorrect payments and implement solutions to stop the incorrect payments from occurring in the future.

Clarify and Streamline Requirements

- Clarify and streamline compliance and reporting requirements to increase focus on reducing incorrect payments.

Partner With States

- Strengthen partnerships with states to identify improvements that will prevent and reduce incorrect payments made by Federally funded state-administered programs.

Reduced Amount of Wasted Resources

Milestones 1, 2, and 3 should be completed before moving to Milestone 4.

Each program reporting an estimated cash loss over $100 million will provide goal(s) or milestones, along with progress updates, needed for the program to make payments right the first time.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
(1) Finalize cash loss estimation methodology and identify cash loss amount	Nov 2017	Complete for over 90% of programs		Agency Program	
(1a) Programs unable to identify cash loss and finalize a cash loss estimation methodology will self identify	May 2018*				Select programs need additional time to develop a methodology for identification and estimation of the cash loss– these programs will have 12 additional months added to milestones (1-4).
(2) Identify what caused the cash loss	May 2018*			Agency Program	
(3) Identify what needs to be done to get the payment right the first time	July 2018			Agency Program/ OMB	OMB will be instrumental in assisting agencies in getting statutory reform and other needed changes.
(4) For each program, establish progress goal(s) or milestones that address the cause of incorrect payments	August – November 2018*			Agency Program/ OMB	

* Modified select milestone dates to align with the in depth analysis being conducted by the WG.

Identify areas where clarification or modification of requirements is needed to assist with improving the prevention of improper payments. This will contribute to the Government's success in correctly making payments.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
(1) Identify needed statutory changes and share with Congress	October 2017	Complete		OMB	
(2) Revise and publish agency guidance based on 2017 burden reduction engagements	June 2018*			OMB	
(3) Identify additional guidance improvements	June 2018*			CFOC/ OMB	CFOC Improper Payment working group will provide additional recommended changes to OMB guidance
(4) Identify additional statutory barriers and other needed changes	June 2018*			CFOC/ OMB	CFOC Improper Payment working group will provide a list of recommended changes
(5) Communicate remaining needed changes with OMB	July 2018*			CFOC/ OMB	
(6) Revise and publish agency guidance; Implement guidance revisions	Summer - Fall 2019			OMB	Publication date is dependent on depth of CFOC IPWG recommendations and suggested guidance changes.

* Modified select milestone dates to align with the in depth analysis being conducted by the WG.

States receiving federal funding play a critical role in ensuring that the funding is spent correctly. By partnering with states, the Federal Government will learn more about opportunities to help them be successful.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
(1) Identify an the initial set of states that the Department of the Treasury Do Not Pay Business Center (DNP Business Center) should explore working with.	December 2017	Completed		OMB/ Treasury	
(2) Identify Federally funded state-administered programs reporting an estimated cash loss over $100 million	May 2018			OMB	At this time we will also identify whether other entities administering federal funds (such as colleges and universities) should be included
(3) Identify ways the DNP Business Center can assist these States with development and implementation of mitigation strategies	July 2018*			OMB, Treasury, and States	
(4) Identify what, if any, State actions contribute to the cash loss	August 2018			Agency Program	
(5) Identify ways the Federal Government could assist the States with development and implementation of mitigation strategies	January 2019			OMB, Agencies, and States	
(6) Implement mitigation strategies through pilots and evaluate effectiveness for implementation on a larger scale	May 2019			OMB, Agencies, and States	

* Modified select milestone dates to align with the in depth analysis being conducted by the WG.

PRESIDENT'S
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Key Performance Indicator #1

Annual Amount of Cash Loss

Key Performance Indicator #2

Reductions in Cash Losses Over Time

Key Performance Indicator #3

Progress Achieving Program Quarterly Milestones

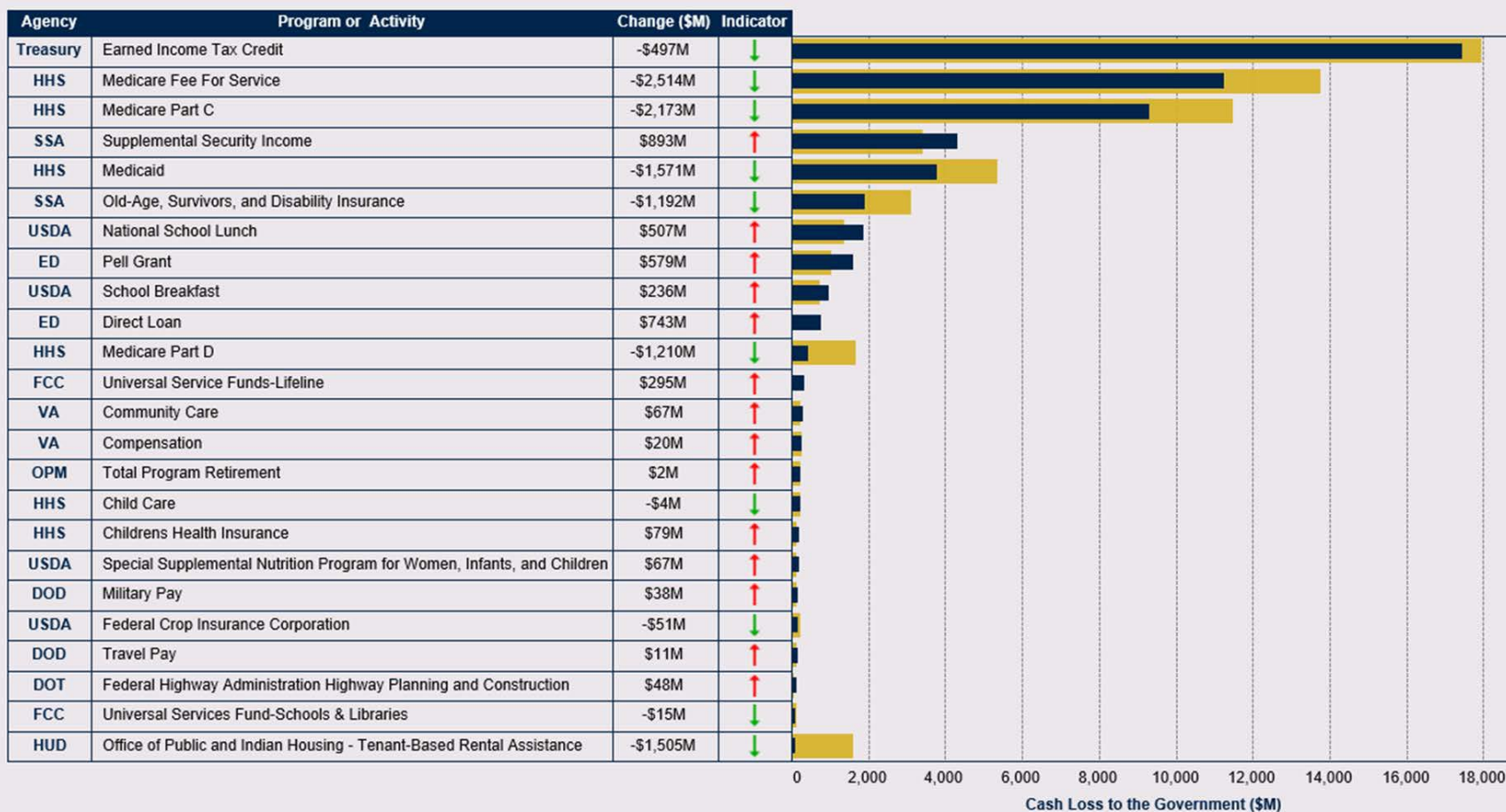**Key Performance Indicator #4**

Streamline and Reduce Requirements

Key Performance Indicator #5

Improvements in Federally Funded State Administered Programs

Cash Loss to the Government (FY16 - FY17)

Agency	Program or Activity	Change ($M)	Indicator
Treasury	Earned Income Tax Credit	-$497M	↓
HHS	Medicare Fee For Service	-$2,514M	↓
HHS	Medicare Part C	-$2,173M	↓
SSA	Supplemental Security Income	$893M	↑
HHS	Medicaid	-$1,571M	↓
SSA	Old-Age, Survivors, and Disability Insurance	-$1,192M	↓
USDA	National School Lunch	$507M	↑
ED	Pell Grant	$579M	↑
USDA	School Breakfast	$236M	↑
ED	Direct Loan	$743M	↑
HHS	Medicare Part D	-$1,210M	↓
FCC	Universal Service Funds-Lifeline	$295M	↑
VA	Community Care	$67M	↑
VA	Compensation	$20M	↑
OPM	Total Program Retirement	$2M	↑
HHS	Child Care	-$4M	↓
HHS	Childrens Health Insurance	$79M	↑
USDA	Special Supplemental Nutrition Program for Women, Infants, and Children	$67M	↑
DOD	Military Pay	$38M	↑
USDA	Federal Crop Insurance Corporation	-$51M	↓
DOD	Travel Pay	$11M	↑
DOT	Federal Highway Administration Highway Planning and Construction	$48M	↑
FCC	Universal Services Fund-Schools & Libraries	-$15M	↓
HUD	Office of Public and Indian Housing - Tenant-Based Rental Assistance	-$1,505M	↓

Cash Loss to the Government ($M)

Cash Loss - Cash loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.

*Amounts were reported in millions of dollars

*Excludes programs with estimated cash loss below $100 million

Indicator Key
↓ Decrease from Previous FY
↑ Increase from Previous FY

Fiscal Year Key
FY16
FY17

PRESIDENT'S MANAGEMENT AGENDA

Goal: Getting Payments Right

HHS
Child Care
Brief Program Description:

Administers the following grant programs to States, Federal agencies and tribal governments: (1) State Programs, (2) Tribal Transportation Program, (3) Federal Lands Transportation and Access Programs, (4) and Territorial and Puerto Rico Highway Program
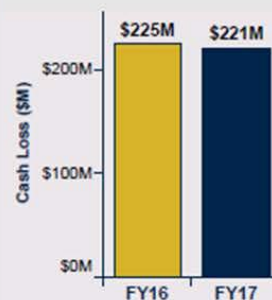
Program or Activity
Child Care

Change from Previous FY ($M)	-$4M	↓

Cash Loss by FY ($M)

Key Milestones		Status	ECD
1	Identify annual estimated monetary loss amount	Completed	Feb-18
2	Identify the root causes of the monetary loss	Completed	May-18
3	Identify actions needed to tackle the identified root causes of monetary loss	On-Track	Jul-18
4	Establishes quarterly progress goal(s) or milestones to mitigate root causes	At Risk	Sep-18

Quarterly Progress Goals			Status	Notes	ECD
1	Q3 FY18	Widely inform key stakeholders on new agency budget process - 50 stakeholders informed by end of June	On-Track	N/A	Jul-18
2	Q4 FY18	Train agency stakeholders on key aspects of agency's cost accounting program	At Risk	N/A	Sep-18

Recent Accomplishements		Date
1	Programs will provide accomplishments...	May-18
2	Programs will provide accomplishments...	Sep-18

FY17 Amt ($M)	Root Cause	Brief Description	Mitigating Strategy	Anticipated Impact of Mitigation
$65	Administrative or Process Errors Made by: State or Local Agency	State personnel not familiar with federal process	Held Advanced Modeling Training Course for cost accounting. Topics covered included: Labor and non-labor data, Data Integration, and the Data Dashboard	For every 100 stakeholders trained we anticipate prevemting $20 M of cash loss
$156	Insufficient Documentation to Determine	State personnel not familiar with federal process	Held Advanced Modeling Training Course for cost accounting. Topics covered included: Labor and non-labor data, Data Integration, and the Data Dashboard	For every 100 stakeholders trained we anticipate prevemting $20 M of cash loss

*** SAMPLE - Does not represent real data***