# Getting Payments Right

## Goal Leaders

**Gay Gilbert**, Administrator, Office of Unemployment Insurance, U.S. Department of Labor

**Jeff Schramek**, Deputy Commissioner, Financial Services and Operations, Bureau of the Fiscal Service

**Tim Soltis**, Deputy Controller, Office of Management and Budget

**Greg Till**, Deputy Assistant Secretary, Fiscal Operations and Policy, Department of the Treasury

**Megan Worstell**, Acting Director of the Office of Financial Management and Chief Financial Office, CMS

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CG9-GPR

To build trust in government by better understanding the nature of improper payments and their relationship to payment integrity.

To demonstrate stewardship of taxpayer dollars by focusing on getting government payments right the first time they are made and preventing monetary loss.

PRESIDENT'S MANAGEMENT AGENDA

COVID-19 stimulus funding is larger in both scope and scale than any prior stimulus (ARRA, Sandy, Irma, Harvey, etc.).

When the increased scope and scale of the stimulus is combined with the fact that the funds must be distributed quickly, and often under new criteria and authorities, the overall risks for improper payments is significantly heightened.

The percentage and amount of improper payments will be higher than pre-COVID-19 levels.  The degree of increase in the percentage of improper payments will be influenced by the program's ability to manage an increase in funding or other factors that may increase the risk of improper payments within the program during a pandemic (i.e. economic conditions, increased applications, new program requirements).

Increase will be reflected in the program estimates between FY20 and FY24.

# Getting Payments Right During a Pandemic: Road Map

**PRESIDENT'S MANAGEMENT AGENDA**

Goal(s): Identify increased risk to Improper payments as a result of COVID and identify areas for risk mitigation.

| Key Action | Planned Completion Date | Owner | Deliverable |
|---|---|---|---|
| Identify increased funding provided to agencies/programs | April 2020 | CAP 9/OMB | Listing of Programs and Funding |
| Identify risk factors associated with increased funding | April 2020 (Ongoing) | CAP 9/OMB | IP Risk Profile |
| Survey agencies/programs to understand pre and post payment actions to get payments right, partnership with Oversight Community | May 2020 | OMB/Agencies | Risk Survey |
| Provide new/revised guidance for reporting and tracking new funding | June 2020 (Ongoing) | OMB | Memos; Letters; Updated Guidance |
| Develop agency and Government Risk Profiles | June 2020 | OMB/Agencies | Agency Risk Profile |
| Engage agencies/programs to understand path forward and recovery plan (where needed) | June 2020 | OMB/Agencies | Agency Meetings |
| Implement identified actions resulting from survey and agency meetings | Ongoing | CAP 9/OMB | TBD |
| Facilitate productive partnership between agencies and the oversight community | Ongoing | PRAC/IGs/Agencies | Report/Action Plan |

**PRESIDENT'S MANAGEMENT AGENDA**

## Outside Engagements

Finalized the proposals from the MITRE Eligibility Verification Challenge.

Initiated sessions with 3rd parties (e.g. Fiserv) to assess scalable solutions to identity verification issues resulting in monetary loss.

## Strategic Data Use

Began building a CAP Goal 9 master database that initially links **10** data sources, allowing for more concise interpretation of eligibility root causes and identification of mitigation strategy potential.

## Mitigation Strategies

Surveyed high priority monetary loss programs to gauge the receptivity and feasibility of the **8** identified strategies collected from research and deep dive interviews.

## Clarify and Streamline Requirements

Published FY19 Data Call numbers with new recommended categories, identifying monetary loss in and out of programs' control, allowing for a better understanding of where to prioritize resource investment.

**Strategy 1: Clarify and Streamline Requirements**

Reduce burden and improve compliance to allow program resources to focus on preventing improper payments that result in monetary loss

**Strategy 2: Identify Monetary Loss Root Causes**

Identify point(s) in the payment process where improper payments occur that result in monetary loss

**Strategy 3: Strategic Data Use**

Identify data sets/analysis techniques and link to root causes

Obtain needed data to improve capacity to prevent and detect improper payments

**Strategy 4: Mitigation Strategies**

Identify non-data related mitigation strategies and best practices to preventing improper payments and share them across the government

**Strategy 5: Strengthen Partnerships States**

Identify opportunities to partner with States to improve improper payment detection and prevention capabilities in federally funded state-administered programs

Reduce burden and improve compliance to allow program resources to focus on preventing improper payments that result in monetary loss

## Completed Goals & Milestones

Evaluated current statutory definition and implementing guidance to identify possible changes to improve usefulness.

Revised and published agency guidance based on burden reduction engagements.

Published a new Payment Integrity chapter in the President's 2020 Budget.

Revised Payment Integrity Data Calls.

Identified areas outside of risk assessment, definition, and reporting within statute that could be changed to reduce burden and improve usefulness and shared with Congress.

Communicated, via technical assistance, needed statutory changes to the Hill.

## Goals: 2020 and Beyond

Monitor technical assistance provided to HSGAC on current draft PIIA.

Revise OMB A-123, Appendix C.

Update other guidance as needed.

Implement any new legislation resulting form statutory changes.

**Goal(s): Revise OMB A-123, Appendix C, update other guidance as needed, and implement any new legislation resulting form statutory changes.**

| Key Milestones | Milestone Due Date | Owner | Deliverable |
|---|---|---|---|
| Determine categories needed to accurately report the causes of improper payments in a meaningful way. | April 2020 | CAP 9/OMB | List of Eligibility Criteria and Root Causes |
| Define categories and develop draft implementation and reporting guidance. | May 2020 | CAP 9/OMB | Draft Guidance |
| Socialize new categories and associated guidance with community | June 2020 | CAP 9/Agencies | Annotated Draft Guidance |
| Incorporate community feedback and deliver finalized guidance to next working group for incorporation | July 2020 | CAP 9/OMB | Draft Guidance |
| Finalize drafts of implementation guidance documents for the Payment Integrity Information Act of 2019 | September 2020 | CAP 9/OMB | Draft Guidance |
| Socialize drafts of guidance with the community | December 2020 | CAP 9/Agencies | Annotated Draft Guidance |
| Incorporate feedback | January 2021 | CAP 9/OMB | Draft Guidance |
| Publish Final Payment Integrity Information Act of 2019 guidance | March 2021 | OMB | Final Guidance |
| Implement guidance | 2021-2022 | Agencies | None |

**Identify point(s) in the payment process where improper payments occur that result in monetary loss**

## Completed Goals & Milestones

Identified primary causes of improper payments resulting in monetary loss.

Developed revised root cause matrix categories for improper payments resulting in monetary loss.

Determined how the prevention of monetary loss relates to the larger OFCIO (Federal) identity initiative.

## Goals: 2020 and Beyond

Determine existing solutions and capabilities related to Identity verification.

Determine whether current capabilities related to Identity verification can be scaled.

Support digital identity processes that enable more convenient and efficient transactions (e.g. FedNow).

Map additional root causes of monetary loss.

Use ERM concepts to demonstrate which programs have reached a tolerable IP rate and create risk appetite statements.

Continue to explore innovative solutions to mitigate monetary loss root causes.

**Goal(s):** Support digital identity processes that enable convenient and efficient transactions; determine existing solutions and capabilities related to Identity verification; map additional root causes of monetary loss; use ERM concepts to demonstrate which programs have reached a tolerable IP rate & create risk appetite statements.

| Key Milestones | Milestone Due Date | Owner | Deliverable |
|---|---|---|---|
| Clarify strengths and weaknesses in each Agency for identity verification to aid in developing more standardized approaches across government | TBD | CAP 9/OMB | Report/file containing analysis of monetary loss as a result of inability to verify identity |
| Support increased sharing between the Identification Verification and Payment Integrity worlds | TBD | CAP 9/OMB | Forum/Industry Day |
| Determine existing solutions and capabilities and which can be scaled | TBD | CAP 9/OMB | Report/file containing analysis of existing solutions and capabilities and recommended path forward |
| Use data analytics and reporting trends to help programs reach their tolerable rate | TBD | CAP 9/ERM ESC/OMB | TBD |

**Strategy currently on hold to direct resources to COVID-19 response**

**Identify data sets/analysis techniques and link to root causes: Obtain needed data to improve capacity to prevent and detect improper payments**

## Completed Goals & Milestones

Identified all (perceived) available private and public data sets that could be used to perform eligibility pre-checks.

Identified which data sets are currently being used within each program to perform pre-checks and analysis aimed at preventing monetary loss.

Using targeted interviews/engagements with program SME, identified which eligibility criteria are linked to high priority programs.

## Goals: 2020 and Beyond

Identify which eligibility criteria are linked to the largest monetary loss root causes & prioritize data sources by greatest impact to prevention of monetary loss.

Initiate agency-specific and cross agency projects to identify and address improper payment challenges (e.g. payments after death, compromised bank accounts).

Identify methods and/or requirements for programs to access/incorporate 'new' data sets into eligibility pre-checks.

Deploy cross-agency solutions that integrate & demonstrate effectiveness of monetary loss preventions.

# Strategy 3: Strategic Data Use Road Map

Goal(s): Collaborate with BFS, PICOE and leverage results of agency-specific and cross agency projects to identify and address improper payment challenges (e.g. Payments after death, compromised bank accounts); identify where access to data for eligibility pre-check could mitigate improper payments resulting in monetary loss, prioritize data sources by greatest impact to prevention of monetary loss, and recommend approaches to extend availability of data sets for incorporation into pre-checks (assuming no legal barriers).

| Key Milestones | Milestone Due Date | Owner | Deliverable |
|---|---|---|---|
| Expand research to agencies and programs who are making payments (i.e. payment type) that were not identified in prior workgroups | June 2020 | CAP 9/PICOE | Comprehensive list of agencies and sub-agencies |
| Deliver comprehensive cross-agency view to outline common data sources, data elements and needs as related to payment eligibility requirements which also includes data from PICOE projects and previous interviews and data calls | November 2020 | CAP 9/GSA/ PICOE | Database representing cross-agency view of data sources and elements as related to eligibility |
| Leverage cross-agency view and PICOE projects to identify high priority data sets for use in relevant agency eligibility pre-checks (based on prevention of monetary loss) | January 2021 | CAP 9/PICOE | Prioritized list of data sources and elements for incorporation into relevant agency pre-checks |
| Recommend approaches to extend availability of high priority data sets for incorporation into pre-checks (assuming no legal barriers) | June 2021 | Cap 9/PICOE | Recommendations to make data sets available |

**Identify non-data related mitigation strategies and best practices to preventing improper payments and share them across the government**

## Completed Goals & Milestones

Identified mitigation strategies that have been proven successful at individual agencies through a reduction in monetary loss and identified opportunities to expand those successes across other Federal agencies.

Compiled historical CAP Goal data for the purposes of determining whether non-data dependent solutions could be expanded to other programs.

## Goals: 2020 and Beyond

Roll out most promising mitigation strategies already in use in some agencies to other agencies who have indicated they could benefit from its application.

Identify additional opportunities to scale non-data mitigation strategies based on government-wide data.

Share successful mitigation strategies identified through data analysis with agencies.

Roll out additional non-data dependent mitigation strategies that show the most promise in reducing monetary loss in different agency programs.

# Strategy 4: Mitigation Strategies
# Road Map

**PRESIDENT'S MANAGEMENT AGENDA**

Goal(s): Roll out most promising mitigation strategies to other agencies that can benefit from its application; partner with Office of Evaluation Science (OES) to implement behavioral science pilots; roll out additional non-data dependent mitigation strategies that are most promising in reducing monetary loss across programs.

| Key Milestones | Milestone Due Date | Owner | Deliverable |
|---|---|---|---|
| Educate Payment Integrity Community on Behavioral Insights | March 2020 | CAP 9/OMB/OES | |
| Identify and interview Programs that are good candidates | May 2020 | CAP 9/OMB/OES | |
| Identify most promising Programs for first cohort of pilots | May 2020 | CAP 9/ESC/OMB/OES | Project Initiation Document |
| Design application of behavioral insight and embedded evaluation | Nov 2020 | OES/Agencies | Design Review Document |
| Develop proposals and execute pilots with behavioral insights | Dec 2020 | CAP 9/OMB/OES | Analysis Plan Document |
| Learn the effectives of preventative actions | TBD | CAP 9/OMB/OES/Agencies | Record of Analysis & Findings; Project Summary; Abstract |

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**Identify opportunities to partner with states to improve improper payment detection and prevention capabilities in federally funded state-administered programs**

## Completed Goals & Milestones

Completed initial PMF Project to call states to establish POC's and determine best practices.

Collaborated with payment integrity officials across 10 states.

Documented successful mitigation strategies with potential for broad impact across multiple state programs.

## Goals: 2020 and Beyond

For Federally-funded state-administered programs with the highest monetary loss due to improper payments, identify common root causes of those improper payments and successful solutions already implemented in some states or at the Federal level.

Narrow focus to 2 programs, SNAP and Medicaid, to identify root causes especially those associated with duplicate enrollment. Special attention to standardizing the application process.

Convene Federal and state stakeholders to exchange information on best practices in preventing improper payments.

Working group will support DNP in evaluating how PARIS is used to identify cross-state dual enrollments, document findings, and develop recommendations to provide supplemental solutions.

# Strategy 5: Strengthen Partnership with States Road Map

Goal(s): Narrow focus to a particular program(s), eligibility requirement(s), and/or root cause(s), etc. associated with the largest monetary losses; convene Federal and state stakeholders to exchange information on best practices in preventing improper payments; implement pilots based on best practices and State feedback identifying where the Federal Government can partner with states

| Key Milestones | Milestone Due Date | Owner | Deliverable |
|---|---|---|---|
| Determine most promising strategies for implementation in other states. | TBD | CAP 9/OMB | Report |
| Hold States/Federal partnership session to exchange information | TBD | CAP 9/OMB/ESC | Session |
| Identify states and FFSA programs interested in adopting new strategies. | TBD | CAP 9/OMB | Working Paper |
| Develop action plans for strategy implementations | TBD | CAP 9/OMB/DNP | Action Plan |
| Support CFOC and DNP in providing information for duplicate enrollment report due to Congress | TBD | CAP 9/DNP | Report |

## Cash Loss to the Government (FY17 - FY18)



| Agency | Program or Activity | Change ($M) | Indicator |
|--------|---------------------|-------------|-----------|
| Treasury | Earned Income Tax Credit | $984M | ↑ |
| HHS | Medicare Fee For Service | $186M | ↑ |
| HHS | Medicare Part C | -$216M | ↓ |
| SSA | Old-Age, Survivors, and Disability Insurance | $3956M | ↑ |
| SSA | Supplemental Security Income | -$203M | ↓ |
| HHS | Medicaid | -$164M | ↓ |
| USDA | Supplemental Nutrition Assistance Program | N/A | |
| ED | Pell Grant | -$135M | ↓ |
| VA | Community Care | $705M | ↑ |
| DOT | Federal Highway Administration Highway Planning and Construction | $766M | ↑ |
| USDA | National School Lunch | -$1076M | ↓ |
| HHS | Medicare Part D | $231M | ↑ |
| ED | Direct Loan | -$379M | ↓ |
| VA | Pension | $304M | ↑ |
| USDA | School Breakfast | -$660M | ↓ |
| DOD | Military Pay | $113M | ↑ |
| HHS | Child Care | $61M | ↑ |
| VA | Compensation | -$37M | ↓ |
| FCC | Universal Service Funds - Lifeline | -$109M | ↓ |
| OPM | Total Program Retirement | -$27M | ↓ |
| HHS | Childrens Health Insurance | -$42M | ↓ |
| USDA | Federal Crop Insurance Corporation | -$14M | ↓ |
| DOD | Travel Pay | -$25M | ↓ |
| USDA | Special Supplemental Nutrition Program for Women, Infants, and Children | -$89M | ↓ |
| DOL | Unemployment Insurance | $26M | ↑ |
| VA | Purchased Long Term Services and Support | $24M | ↑ |

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

* Includes high priority programs and programs that have a $100 million or more in cash loss.

* Supplemental Nutrition Assistance Program did not report FY17 data.

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

**Fiscal Year Key**
■ FY18
■ FY17