

FY 2020 OMB Supplemental Data Call

OPM

FEHB - ALL carriers

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;*
- Preventing improper payments from being made; and*
- Promptly detecting and recovering improper payments that are made.*

Performance Appraisal Criteria
prevent improper payments from being made
promptly detect and recover improper payments that are made

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

OPM's Healthcare and Insurance (HI) contracts with FEHB Program carriers for health benefit plans for Federal employees, annuitants, and their eligible family members. Audit Resolution and Compliance (ARC) is a group within HI whose role is to serve as an agent of the Contract Officer in leading the resolution of OIG Audits. ARC also facilitates resolution of audits of internal agency programs and processes. FEHB Carriers internal processes detect erroneous payments and OIG audits carrier performance, questioning costs that lead to OPM's Improper Payments (IP) reporting. OIG audits and the resolution of FEHB audits is through ARC. Applicable IP reduction targets are met through HI and ARC's oversight, administration and management of carriers' internal processes, and effective IP documentation during the audit resolution steps. IP prevention is a function of carriers applying lessons from their own overpayment recovery efforts and from OPM's Office of the Inspector General (OIG), HI, ARC, and OPM's internal efforts. As part of the resolution process, ARC ensures recoveries identified as improper payments are returned to the FEHB Program per the requirements in the FEHB standard contracts. The ARC function represents a substantial set of dedicated resources. In addition, performance accountability may be found in ARC managers' performance standards which are aligned to established audit resolution goals and are tied to recoveries, timeliness, and other aspects of actual improper payments or sources of improper payments.

Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Please describe the steps the agency has taken to detect and recover improper payments.

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)		Other
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)		Other
14. Other	Other (free text)	Fraud Waste and Abuse.	Other

Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

As noted above, ARC leads and facilitates the resolution of OIG audits of carriers and other functions under HI's purview. Through these audits, OIG detects improper payments through audits and ARC facilitates the resolution of those audits which includes recovery of improper payments. The Root Causes generally found in these OIG's audits include:

Administrative or Process Errors Made by: Other Party. When the OIG detects improper payments through audits, ARC facilitates the resolution of those audits which includes the recovery of improper payments through the requirements in the FEHB standard contract. ARC works with carriers to ensure OIG findings are addressed such as through automating processes, training staff, improving processes, etc.

Administrative or Process Errors Made by: Federal Agency. OPM meets monthly with headquarter agency benefit officers to discuss a variety of topics such as answering questions related to FEHB requirements and discussing improper payments found in OIG carrier audits related to agency mistakes including untimely FEHB disenrollment of employees upon separation. In addition, OPM intends to issue detailed guidance on preventing ineligible family members from being added to the FEHB Program through a requirement to review eligibility documentation. OPM also intends to issue guidance on identifying and removing ineligible family members currently enrolled in the FEHB Program. In addition, OPM offers semi-annual training to agency benefit officers which includes courses on FEHB eligibility and enrollment and how FEHB and Medicare coordinate benefits.

Other. Improper payments may result when the FEHB Program carriers do not have robust Fraud Waste and Abuse (FWA) programs in place to prevent, identify, recover, track and report instances of fraud. Per the FEHB standard contract and guidance, carriers are required to have a robust FWA program. The OIG audits FEHB carriers' FWA programs and ARC facilitates the resolution of audit findings. HI partners with the OIG to update and clarify OPM's guidance to improve carriers' efforts to prevent, detect, investigate, and report FEHB Program-related FWA.

Question 3: Recovery Audits (PIIA Section: 3352)

Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.

As noted above, ARC has a fully dedicated group who facilitates the resolution of OIG audits, which by extension includes the recovery of improper payments. OPM has previously asserted that it is not cost-effective to hire payment recapture auditors for either the Retirement Program or the FEHB Program. This position was based on factors such as historically high recovery rates, significant resources already dedicated to recapture efforts, program complexities and resource constraints. OPM remains committed to effective overpayment prevention, identification, recovery and reporting efforts for both programs and anticipates continued high rates of recovery for improper payments and appropriate disposition of questioned amounts that were successfully contested.

Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.

OPM does not leverage payment recapture audit programs. Payment Recapture Audits were previously determined not to be cost-effective for either the Retirement or FEHB programs. OPM maintains that it is not cost-effective to hire payment recapture auditors for either of its reported programs. Effective validation, recovery and reporting of questioned costs or preliminary overpayments requires substantial institutional knowledge of program processes,

regulations, contracts, systems, and records. Nonetheless, OPM remains committed to its extensive internal recovery efforts for both the Retirement Program and the FEHB Program and anticipates continued high rates of recovery for improper payments, and currently has very effective audit recovery.

Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- *Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- *Identifying risk and vulnerabilities to fraud, and*
- *Establishing strategies, procedures, and other steps to curb fraud.*

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
3 – Fully Operational	3 – Fully Operational	2 – Established	2 – Established

Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

OPM takes its responsibility for reducing occurrences of fraud very seriously and is diligent about identifying potential opportunities for fraud and implementing strategies to mitigate the risk. OPM engages in ongoing efforts to reduce opportunities for fraud in its benefit and administrative programs. During FY 2020, OPM continued fraud reduction efforts through a wide variety of mechanisms to include the beneficiary programs, large contracts, payroll, and purchase cards. See Fraud Reduction Report FY 2020 AFR for more details.

Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Please indicate the following:

- *Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.*
 - *Whether it was likely to be above or below the statutory threshold.*

- *The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.*
- *If they had substantial changes to RA methodology.*

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Federal Employees' Group Life Insurance	Likely to be Below Statutory Threshold	FY2020 Q2	NO

Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

As required, OMB implementation guidance, OPM reviews its non-risk-susceptible programs, using a Risk Assessment Tool to determine susceptibility to significant improper payments. OPM's Risk Assessment Tool contains the seven risk factors included in Appendix C of OMB Circular A-123. By examining these areas, OPM's Risk Assessment Tool provides a comprehensive review and analysis of selected program operations to determine potential payment risks and risk severity.

OPM completed a risk assessment for the Federal Employees' Group Life Insurance (FEGLI) program in FY 2020. OPM concluded that the FEGLI program was not susceptible to the risk of significant improper payments.

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

The FEHB Program has an OMB-approved IP Methodology which is largely derived from OPM-OIG audits of FEHB carriers and fraud investigative recoveries. OMB has solicited OPM's petition for the FEHB Program's relief from IP reporting and while this has not been sought, the Program is well run with very low improper payments compared to premium payments in excess of \$55 billion for Fiscal Year (FY) 2020. A significant investment would be required to drive the IP rate down further. Nonetheless, while OPM-OIG continuously audits FEHB carriers, committing significant resources in its audit and investigative arms and generating the results OPM reports, we recognize that there is the potential for OPM's FEHB IP methodology to be more representative. In collaborating with OIG and other stakeholders, we have begun steps to identify how best to do this, given the structure of the FEHB Program, the potential need to align OPM and carrier reporting cycles, fiscal and resource constraints, and other factors.

Since the FEHB Program consists of carriers of different sizes, types, systems and organizational structures, there is no simple “one-size-fits-all” approach, and potential solutions may require expertise and organizational restructuring that is currently out of reach. OPM will explore whether incremental changes are feasible in its review of prospective changes to its IP methodology. If/when changes to the FEHB IP methodology are preliminarily decided upon, they will be discussed with OMB. It is anticipated that additional resources (e.g. costs) may be required to complete the analysis, leading to potential changes in the IP rate. This analysis will continue throughout FY 2021 and changes to the IP rate calculation, if any, may initially result in an increase in the IP rate. Until/unless any changes are made, the FEHB IP rate and methodology remain unchanged

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

Indicate Yes or No
NO

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

As noted in Question 7, while any IP amount is undesirable, reducing the already low IP rate would require substantial resource investment that is currently not available. OPM is reviewing the RS and FEHB IP methodology which may lead to better reporting and modified approaches.

Question 9: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted.

Indicate 'yes' or 'no'	Indicate program needs
N/A	1. Internal Controls
N/A	2. Human Capital
N/A	3. Information Systems
N/A	4. Resources

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Annually, HI submits its Federal Managers' Financial Integrity Act (FMFIA) assurance that it has sufficient internal controls in place to administer the FEHB Program and other insurance benefit programs, and guard against fraud, waste and abuse. These controls include HI and OPM's integrated organizational structure, including Policy, Office of the Actuaries, Office of the Chief Financial Officer, and others, used to administer the Program. Additional controls are found in the laws and regulations the FEHB Program is founded on. Our network of internal controls also encompasses the contractual and extra-contractual framework that guides FEHB Program carriers, a core of experienced staff and managers, and executive leadership. The Program is continuously audited by OPM's OIG and is subject to other reviews, assessments and audits by both internal and external groups (e.g. GAO). HI has a dedicated Audit Resolution and Compliance (ARC) function, described above. Internal controls for the FEHB Program can be improved and HI is evaluating some recommendations to strengthen each of the areas noted above. OPM needs to obtain and implement an agency-wide system to support audit resolution activity across OPM.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	6-Audit (improve IC)	Other	09/30/2020

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Global Claim Audits: Routine global claims audit findings are the result of audits of the Blue Cross Blue Shield (BCBS) network, where the existence of a specific finding or attribute, such as claims to enrollment, coordination of benefits or duplicate payments is reviewed by OIG. Improper payments from these audits are generally caused by internal control weaknesses found in systems, procedures, or human errors that have often been highlighted by procedural

recommendations in final audit reports or identified by BCBS's own quality reviews. OPM leverages BCBS' Federal Employee Program's enhanced ability to identify and mine claims through their Claims Audit Monitoring Tool (CAMT). OPM believes this results in better data analysis and internal training by BCBS local carriers and will lead to greater origins and causes of these retroactive enrollments.

Medical Loss Ratio (MLR): The FEHB Program has incorporated the MLR for most Health Maintenance Organizations, in conjunction with reviewing for compliance with community rating methodology. The MLR for each carrier is calculated by dividing the total dollars spent for the FEHB Program members on clinical services plus health care quality improvements divided by the total amount of FEHB Program premiums collected in a calendar year less certain taxes and fees. OPM (per 45 CFR Part 158) requires carriers to meet a specific MLR threshold or provide a rebate if the threshold is not met. Audits of carrier's MLR calculation have identified unique situations in the FEHB Program, highlighting the need for global review, more detailed criteria and updates to carrier instructions. It may require substantial research and coordination with OIG, carriers, the Office of the Actuaries (OA), Health & Human Services (HHS), the Office of General Counsel (OGC), and agency audit follow-up officials. Before recovery can be sought or corrective actions taken, certain new categories of findings must first be validated, including reviewing source documents, comparison of plan actions against contract requirements, possible verification by HHS, soliciting an opinion by OPM counsel and making a final determination by the Contracting Officer (CO) as to whether the finding will be upheld, and a receivable established to recover the questioned costs in whole or in part. In some situations this may lead to a further evaluation prior to resolution, invoking the OPM audit follow-up official. Where needed, the contracting office will coordinate with the OA and OIG to develop or clarify FEHB Program-specific guidance that addresses these unique circumstances in a manner that is appropriately documented and auditable.

The corrective actions described above are tied to multiple FEHB carrier work plans containing various milestone activities which were ongoing throughout FY2020.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
1. Program Design or Structural Issue	6-Audit (improve IC)	FY2021	
11. Administrative or Process Errors Made by: Other Party (e.g., participating lender, health care	6-Audit (improve IC)	FY2021	

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
provider, or any other organization administering Federal dollars)			

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

As noted in Question 2, OPM is taking several steps to strengthen controls on erroneous claims paid on family members not eligible for coverage by removing ineligible persons from enrollments and preventing ineligibles from enrolling. We issued regulations in 2018 that provided explicit authorization for agencies, FEHB carriers, and OPM to remove ineligible family members currently covered under FEHB enrollments. Additional, detailed guidance is pending that will help agencies and carriers identify and remove these ineligible persons.

OPM is also issuing guidance that will require agencies and FEHB carriers to review eligibility documentation before adding a family member to an enrollment. Due to the decentralized FEHB enrollment system, documentation review is currently applied unevenly among agencies and FEHB carriers. This guidance sets out the expectation for documentation review when family members are added during the initial opportunity to enroll, a qualifying life event, or when a new family member is added to an existing Self and Family enrollment.

IP Methodology

As noted in Question 7 and 8, OPM is reviewing the IP methodology which may lead to more comprehensive reporting and modified approaches. We expect to make preliminary decisions regarding changes to the methodology in FY 2021 and will contact OMB for additional guidance as needed.

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

The FEHB Program did not use the Do Not Pay Initiative in FY 2020.

OPM contracts with carriers to provide health insurance benefits to enrollees, and their eligible family members. OPM collects healthcare premiums and makes regular payments to community-rated carriers or holds the funds for experience-rated carriers to draw from a Letter of Credit Account (LOCA). OPM does not make direct payments to healthcare providers or reimbursements to individuals for healthcare expenses; the carriers make these payments.

Due to this payment structure, and other unique qualities of the FEHB Program's application, award, and payment processes, OPM realizes limited value in Do Not Pay (DNP) and the payment accuracy databases used by Treasury. Applications from new carriers are due January 31 of the year prior to the start of the benefits period. As part of OPM's evaluation of the applications, the carriers' information may be searched in the DNP online portal. However, all new carrier applications undergo a financial review by OPM's OCFO, to ensure minimum requirements for liquidity, reserves, financial reporting, etc. Health insurance carriers applying for participation in the FEHB Program who do not meet the financial criteria are not accepted into the Program.

If FEHB Program carriers were able to directly access the DNP databases, the tool would be more useful for the Program as they might be able to identify improper or questionable payments by searching payments made directly to providers or individuals, with whom HI does not have a direct contractual or payment relationship. For FY 2020, each new carrier application passed the OCFO's financial screening and was not entered into the online search portal.

Due to this payment structure, and other unique qualities of the FEHB Program's application, award, and payment processes, OPM has realized limited value in DNP but is re-evaluating Treasury's DNP databases in FY 2021. OPM is updating its access to DNP and will reassess its potential use for the FEHB Program.

Total Program Retirement

Question 1: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Please describe the steps the program has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria for each of the following:

- Meeting applicable improper payments reduction targets;
- Preventing improper payments from being made; and
- Promptly detecting and recovering improper payments that are made.

Performance Appraisal Criteria
meeting applicable improper payments reduction targets

Question 1 Free Text: Annual Performance Appraisal Criteria (PIIA Section: 3352(d) (5) (A) and (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

OPM will ensure that the rate of improper payments in the retirement program does not increase above 0.38% by September 30, 2020 with success being verified by organizational reporting.

Question 2: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Please describe the steps the agency has taken to detect and recover improper payments.

Indicate root cause	Indicate mitigation strategy/corrective action(s) taken	Provide any additional detail (optional free text)	Select the actual completion date for action(s) taken
4. Failure to Verify: Death Data	5-Cross Enterprise Sharing	See below	Other
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	See below	Other
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	See below	Other
14. Other	1-Automation	See below	Other
14. Other	5-Cross Enterprise Sharing	See below	Other

Question 2 Free Text: Detecting and Recovering Improper Payments (PIIA Section: 3352(e), 3352(e) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

4 - Failure to Verify: Death Data

OPM conducts two matches to identify discrepancies that may exist between the OPM annuity roll and the Social Security Administration's (SSA) pay system. The Consolidated Death Match (CDM) is compared with OPM's annuity roll weekly to identify annuitants who are reported as deceased by the SSA. The Validated Agency Match System processes the death information in order to terminate Federal benefits and prevent subsequent improper payments. Collection actions are initiated for any overpayments that are discovered. The SSA Death Master File (DMF) match is conducted yearly and is also compared with OPM's annuity roll and the SSA Death Master File (DMF).

9 - Administrative or Process Errors Made by: Federal Agency

Regular Quality Assurance audits are performed to assess accuracy and the corresponding value of improper payments, as well as to identify any training or systemic deficiencies. These audits are designed to detect underpayments. Retirement Operations is notified about all underpayments that are ultimately paid to the annuitant.

14. Other –

There are system limitations preventing OPM from expanding reporting in the root causes categories table per OMB's A-136, Financial Reporting. Specifically, the current IT system supporting RS does not have the granularity of addition/deduction pay codes to align with the OMB root cause categories. As such, OPM places the bulk of the improper payment balances in the "Other Reason" category, leaving them uncategorized. In order to properly categorize the root cause categories, an upgrade to the current legacy system is required.

OPM instructs self-reporting from annuitants for notification of changes in life events such as; death, marriage, termination of a marriage, child eligibility, or earnings limitations, etc. However, OPM conducts several surveys and matches to mitigate potential improper payments resulting from these events.

Three methods are used to recapture improper payments identified: off-roll debt collection, on-roll debt collection and reclamations.

Question 3: Recovery Audits (PIIA Section: 3352)

Please describe the steps the agency has taken to recover improper payments identified in recovery audits. Please note there is a 3000 character limit.

OPM does not have a recovery audit program. Retirement Services uses three types of recovery methods to recapture improper payments from annuitants:

Off-roll debts are collected when the debtor is not on the annuity roll or their entitlement is insufficient to recover the debt on a reasonable recovery schedule;

On-roll debts are collected when OPM withholds a portion of the debtor's monthly benefits until their entire debt is collected; and

Reclamations are recovery actions to recoup improper payments from an annuitant's financial institution. OPM utilizes the U.S. Department of Treasury's reclamation process.

Question 4: Excluded Programs (PIIA Section: 3352(e) (7))

Please list any programs the agency excluded from review under its payment recapture audit program because a payment recovery audit program was determined to not be cost-effective and provide a summary of the justification used to make that determination. Please note there is a 3000 character limit.

It is not cost-effective to hire payment recapture auditors for either of its reported programs. Effective validation, recovery and reporting of questioned costs or preliminary overpayments requires substantial institutional knowledge of program processes, regulations, contracts, systems, and records. Nonetheless, OPM remains committed to its extensive internal recovery efforts for the Retirement Program and anticipates continued high rates of recovery for improper payments, and currently has very effective audit recovery.

Question 5: Financial and Administrative Controls (PIIA Section: 3357(d))

Please describe your agency's progress:

- Implementing the financial and administrative controls established by OMB in OMB Circular A-123 to identify and assess fraud risks and design and implement control activities in order to prevent, detect, and respond to fraud, including improper payments; the fraud risk principle in the Standards for Internal Control in the Federal Government published by the Government Accountability Office (commonly known as the "Green Book"); and Office of Management and Budget Circular A-123, with respect to the leading practices for managing fraud risk;*
- Identifying risk and vulnerabilities to fraud, and*
- Establishing strategies, procedures, and other steps to curb fraud.*

Implementation of OMB Circular A-123	Implementation of GAO Green Book	Identifying Risk and Vulnerabilities	Establishing Strategies, Procedures and Other steps
3 – Fully Operational	3 – Fully Operational	2 – Established	2 – Established

Question 5 Free Text: Financial and Administrative Controls (PIIA Section: 3357(d))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

OPM takes its responsibility for reducing occurrences of fraud very seriously and is diligent about identifying potential opportunities for fraud and implementing strategies to mitigate the risk. OPM engages in ongoing efforts to reduce opportunities for fraud in its benefit and administrative programs. During FY 2020, OPM continued fraud reduction efforts through a wide variety of mechanisms to include the beneficiary programs, large contracts, payroll, and purchase cards. See Fraud Reduction Report FY 2020 AFR for more details.

Question 6: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Please indicate the following:

- *Any programs not listed in this collection which were recently assessed to determine susceptibility of improper payments.*
 - *Whether it was likely to be above or below the statutory threshold.*
- *The FY for any programs not listed in this collection which were most recently assessed to determine whether it was likely to be above or below the statutory threshold.*
- *If they had substantial changes to RA methodology.*

Program not listed	Likely to be above or below threshold?	Assessment Date	Substantial RA methodology changes??
Federal Employee Life Insurance	Likely to be Below Statutory Threshold	FY2020 Q2	NO

Question 6 Free Text: Statutory Thresholds and Risk Assessments (PIIA Section: 3352(a) (3) (C))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

As required, OMB implementation guidance, OPM reviews its non-risk-susceptible programs, using a Risk Assessment Tool to determine susceptibility to significant improper payments. OPM's Risk Assessment Tool contains the seven risk factors included in Appendix C of OMB Circular A-123. By examining these areas, OPM's Risk Assessment Tool provides a comprehensive review and analysis of selected program operations to determine potential payment risks and risk severity.

OPM completed a risk assessment for the Federal Employees' Group Life Insurance (FEGLI) program in FY 2020. OPM concluded that the FEGLI program was not susceptible to the risk of significant improper payments.

Question 7: Improper Payment Rate Reduction (PIIA Section: 3352(d) (2))

Please indicate whether lowering the improper payment rate beyond the current level would be cost prohibitive because applying additional mitigation strategies or corrective actions for improper payment prevention would cost more to implement than the amount that would be saved.

Cost Prohibitive (Yes/No)	Indicate Root Cause if known	Indicate which corrective action
NO	4. Failure to Verify: Death Data	5-Cross Enterprise Sharing
NO	9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)
NO	9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)
YES	14. Other	1-Automation
NO	14. Other	5-Cross Enterprise Sharing

Question 7 Free Text: Improper Payment Rate Reduction (PIIA Section: 3352(d)(2))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

(Automation) Due to system limitations, OPM is unable to properly categorize the root causes of improper payments per the categories listed in OMB's A-136. Alignment with OMB's root cause categories requires additional funding and upgrades to our current legacy system.

Question 8: Tolerable Rate

Do you believe the program has reached a tolerable rate of improper payments?

Indicate Yes or No
YES

Question 8 Free Text: Tolerable Rate

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

The improper payment rate for RS remains significantly below the OMB threshold of 10 percent. Improper payments include both overpayments and underpayments. Last fiscal year, the improper payment rate dropped to 0.35 percent. The improper payment rate for overpayments was 0.26 percent. The improper payment rate has consistently been at or below 0.38 percent and we expect the same for FY 2020. However, OPM will further evaluate the current corrective actions to determine if any can be expanded, resulting in an even lower improper payment rate.

Question 9 Free Text: Internal Controls, Human Capital, Information Systems and other Infrastructure and Program Needs (PIIA Section: 3352(d) (2) (A) through (C)3352(d) (3))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Does the program have the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted? Please indicate additional program needs to reduce IPs to the levels the program has targeted. YES

Retirement Services' consistently meets the targeted improper payment rate. Currently, the improper payment rate target is set at 0.38 percent and is below OMB's 10 percent threshold.

Question 10: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program HAS TAKEN to prevent improper payments.

Indicate identified root cause	Indicate corrective action(s) taken	Select the actual completion date for action(s) taken	If other completion date, please indicate
4. Failure to Verify: Death Data	5-Cross Enterprise Sharing	Other	09/30/2020
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	Other	09/30/2020
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	Other	09/30/2020
14. Other	1-Automation	Other	09/30/2020
14. Other	5-Cross Enterprise Sharing	Other	09/30/2020

Question 10 Free Text: Corrective Actions Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

The corrective actions taken to prevent improper payments are consistent and on-going. The corrective actions for this question are aligned with question 2.

4 - Failure to Verify: Death Data

OPM conducts two matches to identify discrepancies that may exist between the OPM annuity roll and the Social Security Administration's (SSA) pay system. The Consolidated Death Match (CDM) is compared with OPM's annuity roll weekly to identify annuitants who are reported as deceased by the SSA. The Validated Agency Match System processes the death information in order to terminate Federal benefits and prevent subsequent improper payments. Collection actions are initiated for any overpayments that are discovered. The SSA Death Master File (DMF) match is conducted yearly and is also compared with OPM's annuity roll and the SSA Death Master File (DMF).

9 - Administrative or Process Errors Made by: Federal Agency

Regular Quality Assurance audits are performed to assess accuracy and the corresponding value of improper payments, as well as to identify any training or systemic deficiencies.

14. Other –

(Automation) There are system limitations preventing OPM from expanding reporting in the root causes categories table per OMB's A-136, Financial Reporting. Specifically, the current IT system supporting RS does not have the granularity of addition/deduction pay codes to align with the OMB root cause categories. As such, OPM places the bulk of the improper payment balances in the "Other Reason" category, leaving them uncategorized. In order to properly categorize the root cause categories, an upgrade to the current legacy system is required.

(Cross Enterprise Sharing) OPM instructs self-reporting from annuitants for notification of changes in life events such as; death, marriage, termination of a marriage, child eligibility, or earnings limitations, etc. However, OPM conducts surveys and matches to mitigate potential improper payments resulting from these events.

Question 11: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Please indicate which corrective action(s) the program WILL TAKE to prevent improper payments.

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
4. Failure to Verify: Death Data	5-Cross Enterprise Sharing	FY2021	
9. Administrative or Process Errors Made by: Federal Agency	3-Training (how to complete contracts)	FY2021	

Indicate identified root cause	Indicate planned corrective action(s)	Select the planned completion date for action(s) program will take	Other planned completion date
9. Administrative or Process Errors Made by: Federal Agency	6-Audit (improve IC)	FY2021	
14. Other	1-Automation	FY2021	
14. Other	5-Cross Enterprise Sharing	FY2021	

Question 11 Free Text: Corrective Actions to be Taken (PIIA Section: 3352(d) (1))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Retirement Services will continue to perform the existing corrective actions and does not have any new corrective actions planned at this time. (See question 10 for current corrective actions.)

Question 12: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Please indicate which of the six (6) criteria (if any) were determined to be non-compliant in the most recent IG compliance review.

Indicate compliant or non-compliant	Compliance criteria
Compliant	1. Publish an AFR or PAR
Compliant	2. Conduct Program-Specific Risk Assessment
Compliant	3. Publish Improper Payment Estimates
Compliant	4. Publish Programmatic Corrective Action Plans
Compliant	5. Publish and Meet Annual Reduction Targets
Compliant	6. Report a gross Improper Payment Rate of Less than 10%

Question 12 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Compliant

Question 13 Free Text: Inspector General Compliance (PIIA Section: 3352(f) (2) (A) and (B); 3353(b) (1) (A); 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A-Not applicable.

Question 14 Free Text: Bringing the program into compliance (PIIA Section: 3353(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A-Not applicable.

Question 15 Free Text: Creating accountability to achieve compliance (PIIA Section: 3353(b) (1) (B))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

N/A

Question 16: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Please indicate whether the program uses the DNP (yes/no) and whether the Do Not Pay Initiative has reduced/prevented improper payments (yes/no). Additionally, please provide the frequency of corrections (week/month range) or identification of incorrect information (range of false hits?).

Does the program use the Do Not Pay Initiative (DNP) (yes/no)	Has the DNP reduced/prevented improper payments (yes/no)	How frequently are corrections made?	How frequently is incorrect information identified?
YES	YES	Monthly	Monthly

Question 16 Free Text: Do Not Pay Initiative (PIIA Section: 3354(b) (5))

Based on your selection(s) above, provide additional information below. Please note there is a 3000 character limit.

Retirement Services (RS) utilizes the Department of Treasury Do Not Pay System (DNP) to minimize and detect potential improper payments. RS reviews the reports of death received through the DNP system to determine whether the deaths have been reported to OPM. If the death is confirmed, RS stops the annuitant's annuity payment and initiates reclamation actions if post-death payments were made.

Background Investigations

Federal Employee Life Insurance Program