



U.S. RAILROAD RETIREMENT BOARD

**OFFICE OF INSPECTOR GENERAL**

# Audit of Railroad Retirement Board's Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 Performance and Accountability Report

Report No. 19-09

May 30, 2019

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Improper Payments Elimination and Recovery Act in Fiscal  
Year 2018 Performance and Accountability Report*

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## What We Found

Our audit determined the RRB was not compliant with Improper Payments Elimination and Recovery Act (IPERA). The Railroad Retirement Board (RRB) reported a gross improper payment rate of 10.53 percent for the Railroad Medicare (RM) program, which exceeded the 10 percent threshold. As related to the scope of this audit, RRB through Palmetto GBA paid \$852.8 million in RM Part B claims on behalf of its beneficiaries from July 1, 2015 through June 30, 2016.

Furthermore, we determined that 1) the accuracy and completeness of the agency's reporting could be improved by obtaining and reviewing the sampling and estimation plan and updating the existing Memorandum of Understanding to reflect RRB and Centers of Medicare and Medicaid Services (CMS) responsibilities clearly and concisely; 2) the RRB's payment recapture program for all benefit and non-benefit programs was missing information and needs improvement; and 3) some of RRB's additional reporting requirements pertaining to improper payment barriers, improper payment accountability, and relief from annual reporting request were missing or late.

## What We Recommend

To address the weaknesses identified in this audit, we made 19 recommendations to 1) help the RRB to become compliant with IPERA; 2) improve the accuracy, completeness, and quality of agency reporting; and 3) improve the completeness of RRB's sampling plan, reduction target, and meet additional reporting requirements in statute. RRB management concurred with 4 of the 19 recommendations. They asserted they will no longer report RM improper payments because, for improper payment purposes, CMS and RRB agreed that Medicare should be treated as one program. We continue to see the need for our recommendations as explained throughout this report in the sections titled "Management's Comments and Our Response."

## What We Did

Section 3(b) of IPERA requires each agency's Inspector General to assess compliance for each fiscal year. Our audit procedures included identification of criteria; assessment of the accuracy and completeness of agency reporting; assessment of the RRB's sampling plan, accompanying material, and related postings; and coordination efforts with U.S. Department of Health and Human Services Office of Inspector General to obtain source data that supported the RRB's Performance and Accountability Report (PAR).

The mandated objectives of this audit were to

- determine whether the RRB is in compliance with IPERA;
- evaluate the accuracy and completeness of improper payment reporting; and
- evaluate agency performance in reducing and recapturing improper payments.

The scope of the audit was improper payment data reported in the RRB's fiscal year 2018 PAR, which consisted of fiscal year 2015 through fiscal year 2017 improper payment data.

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## INTRODUCTION

This report presents the results of the Office of Inspector General's (OIG) audit of the Railroad Retirement Board's (RRB) fiscal year 2018 compliance with the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012, which both amended the Improper Payments Information Act of 2002.<sup>1</sup>

### Objectives, Scope, and Methodology

The mandated objectives of this audit were to

- determine whether the RRB is in compliance with IPERA;
- evaluate the accuracy and completeness of improper payment reporting; and
- evaluate agency performance in reducing and recapturing improper payments.

Improper payment data reported in the RRB's fiscal year 2018 Performance and Accountability Report (PAR) consisted of fiscal year 2015 through fiscal year 2017 improper payment data.<sup>2</sup>

To accomplish the audit objectives, we

- identified and reviewed criteria from federal improper payment laws, as well as Office of Management and Budget's (OMB) governmentwide guidance for IPERA;
- identified and reviewed RRB internal guidance, policies, and procedures for PAR reporting;
- reviewed the RRB's payment integrity section as provided in the fiscal year 2018 PAR, accompanying material, and related postings;
- requested source data from the agency to support the information in the PAR;
- assessed the accuracy and completeness of agency reporting;
- evaluated the agency's performance in reducing and recapturing improper payments;
- coordinated with the U.S. Department of Health and Human Services' (HHS) OIG to obtain source data that supported RRB's PAR;
- interviewed key individuals from the HHS' Centers for Medicare and Medicaid Services (CMS) to gain an understanding of their roles and responsibilities as they apply to the RRB;

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<sup>1</sup> Pub. L. No. 111-204, 124 Stat. 2224 (2010), Pub. L. No. 112-248, 126 Stat. 2390 (2013), Pub. L. No. 107-300, 116 Stat. 2350 (2002).

<sup>2</sup> Specifically, July 1, 2015 through June 30, 2016 and October 1, 2016 through September 30, 2017.

- interviewed appropriate RRB officials, agency staff, and RRB's Specialty Medicare Administrative Contractor (SMAC) Palmetto GBA;
- reviewed appropriate CMS documentation; and
- reviewed agency documentation.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We were required to evaluate the efforts of the RRB to reduce the Railroad Medicare (RM) program's improper payments and provide recommendations as needed to improve internal controls. We considered the Council of Inspectors General on Integrity and Efficiency guidance for evaluation of internal controls for our review of RM improper payments, which exceeded the predetermined threshold defined by law.

We conducted our fieldwork at RRB headquarters in Chicago, Illinois from January 2019 through April 2019.

## **Background**

The RRB, an independent agency in the executive branch of the Federal Government, administers retirement and survivor and unemployment and sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). The RRB paid \$13.1 billion in retirement and survivor benefits and \$100.2 million in unemployment and sickness insurance benefits during fiscal year 2018.

The RRB also administers aspects of the Medicare program and has administrative responsibilities under the Social Security Act.<sup>3</sup> According to the RRB's 2018 Annual Report, "[t]hese costs were offset by approximately \$27.2 million in reimbursements from the [CMS] for Part B Medicare costs...."<sup>4</sup> As part of its administrative responsibilities, the RRB selected a carrier to process RM claims nationwide and administered the contract with the carrier, Palmetto GBA. The contracting officer and contracting officer's representative responsible for the Palmetto contract are both RRB employees. As related to fiscal year 2018 PAR reporting and the scope of this audit, RRB through Palmetto paid \$852.8 million in RM Part B claims on behalf of its beneficiaries from July 1, 2015 through June 30, 2016.

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<sup>3</sup> Unless otherwise indicated, from this point forward in the report the term "Railroad Medicare (RM)" will imply "Medicare as administered by the Railroad Retirement Board (RRB) and its Specialty Medicare Administrative Contractor (SMAC), Palmetto GBA."

<sup>4</sup> The Centers for Medicare & Medicaid Services (CMS), a branch of the U.S. Department of Health and Human Services (HHS), is the federal agency that administers the national Medicare program.

Improper payment legislation was enacted to reduce improper payments and directed OMB to issue governmentwide guidance regarding reporting requirements. IPERA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. An improper payment includes any payment to an ineligible recipient, any payment for an ineligible good or service, any duplicate payment, and any payment for a good or service not received (except for such payments authorized by law).<sup>5</sup>

The primary criteria derived from federal improper payment laws were

- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (OMB M-16-17);<sup>6</sup>
- Appendix C to OMB Circular No. A 123, *Requirements for Payment Integrity Improvement* (OMB M-18-20); and<sup>7</sup>
- OMB Circular No. A-136, *Financial Reporting Requirements*.<sup>8</sup>

OMB M-18-20 defined significant improper payments "...as gross annual improper payments (i.e., the total amount of overpayments and underpayments) in the program exceeding (1) both 1.5 percent of program outlays and \$10,000,000 of all program or activity payments made during the fiscal year reported or (2) \$100,000,000 (regardless of the improper payment percentage of total program outlays)."<sup>9</sup> The guidance also required agencies to approach improper payments with an Enterprise Risk Management (ERM) framework in mind and link agency efforts in establishing internal controls and preventing improper payments. According to OMB M-18-20,

*... [ERM] framework can be used to assist in the management of payment integrity risk. Management is required to manage their payment integrity risk to an agency achieving its strategic, operations, reporting, or compliance objectives. While the extent of this may differ among agencies, ensuring the integrity of federal payments is fundamental to the core mission for agencies.*

Part of an ERM model, is the extended enterprise. According to OMB M-16-17 and OMB M-18-20, the extended enterprise consists of interdependent relationships, parent-child relationships, and relationships external to an agency. Thus, no agency is self-contained. In the context of ERM and the management of payment integrity risk, the extended enterprise includes state, local governments, other departments and agencies, or third party service

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<sup>5</sup> Pub. L. No. 111-204, 124 Stat. 2224 (2010), Pub. L. No. 112-248, 126 Stat. 2390 (2013), Pub. L. No. 107-300, 116 Stat. 2350 (2002).

<sup>6</sup> Office of Management and Budget (OMB), *Management's Responsibility for Enterprise Risk Management and Internal Control*, Circular No. A-123, M-16-17 (Washington, D.C.: July 15, 2016).

<sup>7</sup> OMB, Appendix C to Circular No. A-123, *Requirements for Payment Integrity Improvement*, M-18-20 (Washington, D.C.: June 26, 2018).

<sup>8</sup> OMB, *Financial Reporting Requirements*, Circular No. A-136 (Washington D.C.: July 30, 2018).

<sup>9</sup> Also known as "programs and activities identified under section 2(c) of the Improper Payments Act of 2002" per 31 U.S.C. § 3321.

providers. Although agency's have less control, they still maintain responsibility for managing risk to payment integrity that comes from the extended enterprise. This could include current and future legislation related to payment integrity, the current and future state of the economy, or public perception of agencies and the role of government. Like the extended enterprise, despite having little or no control, agencies retain the responsibility for the management of risk that comes from the greater risk environment.

With respect to RM program, the RRB had an extended enterprise relationship with CMS and the RRB's SMAC, Palmetto GBA. At the time of this audit, the governing documents between RRB, CMS, and Palmetto were the

- Memorandum of Understanding between the HHS, CMS and RRB (MOU13-61), signed by CMS on April 11, 2013 and by RRB on April 12, 2013; and
- Statement of Work for RRB12C011 contract with Palmetto GBA, LLC.<sup>10</sup>

In the fiscal year 2018 PAR, the RRB reported RM payment integrity information and data for the first time. The RRB obtained the calculation of the RM improper payment rate and estimates through CMS' Comprehensive Error Rate Testing (CERT) program. The RM program was included as part of CERT in July 2015. The CERT program estimates the Medicare Fee-for-Service improper payments. The program evaluates a statistically valid stratified sample of claims to determine, if they were paid properly under Medicare coverage, coding, and billing rules.

OMB guidance requires each agency's Inspector General to assess IPERA compliance within 180 days after the issuance of the agency's PAR.<sup>11</sup> Agencies that are noncompliant with IPERA are subject to additional reporting requirements. Noncompliance for one year requires that the agency submit a plan describing the actions to be taken to become compliant. Noncompliance for two consecutive fiscal years for the same program or activity requires a review from OMB to determine if additional funding would help the agency become compliant. Noncompliance for three consecutive fiscal years for the same program or activity requires the agency to submit reauthorization proposals for each discretionary program or activity that has not been in compliance for three or more consecutive years, or proposed statutory changes to bring the program or activity into compliance.

Within the RRB, the Office of Programs compiles and reports improper payment data for the annual PAR. The RRB's improper payment amounts as reported in the RRB's fiscal year 2018 PAR are provided in Table 1.

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<sup>10</sup> The RRB has been the awarding agency for this contract since September 28, 2012. At the time of this report, the potential award amount for this contract was \$182,921,248. Of this amount, 66.8 percent (\$122,262,376) has been obligated.

<sup>11</sup> OMB M-18-20.



**Table 1. RRB Improper Payment Amounts for Benefit Paying Programs**

<b>Program</b>	<b>Outlays</b>	<b>Improper Payments</b>	<b>Improper Payment Percentage</b>
RRA	*	*	*
RUIA	*	*	*
RM	\$852.81 million	\$89.78 million	10.53

Source: RRB PAR for Fiscal Year 2018.

\*In July 2018, OMB granted the RRB reporting relief for the RRA and RUIA programs.

The RM amounts reported in Table 1 include improper payment data from CMS' CERT program. The CERT improper payment data was based on claims sampled between July 1, 2015 and June 30, 2016. CMS provided it to the RRB in a November 2017 report.

## RESULTS OF AUDIT

We have determined the RRB was not compliant with IPERA because it did not satisfy one of six payment integrity reporting requirements.<sup>12</sup> The RRB reported a gross improper payment rate of 10.53 percent for the RM program, which exceeded the 10 percent threshold. If an agency does not meet one or more of the six requirements, then it is not compliant under IPERA. Table 2 summarizes our assessments.

**Table 2. OIG Assessment of the Six IPERA Criteria for RRB’s Benefit Paying Programs**

Program Name	Published a PAR	Conducted a Risk Assessment	Published an Improper Payment Estimate	Published Corrective Action Plans	Published and is Meeting Reduction Targets	Reported an Improper Payment Rate of Less than 10 Percent
RRA	Compliant	NA	NA	NA	NA	NA
RUIA	Compliant	NA	NA	NA	NA	NA
RM	Compliant	NA	Compliant	Compliant	Compliant	Non-compliant

Source: RRB OIG Analysis of Fiscal Year 2018 PAR.

Furthermore, we determined the accuracy and completeness of the agency’s reporting could be improved by obtaining and reviewing the sampling and estimation plan and updating MOU13-61 to reflect RRB and CMS responsibilities clearly and concisely.

We did not evaluate RRB’s performance in reducing improper payments for the RRA, RUIA, or RM programs because the RRB received RRA and RUIA reporting relief in July 2018, and it was the first year of RM reporting. However, we determined the RRB’s payment recapture program for benefit and non-benefit programs was missing information and needs improvement.

As part of this audit, we determined some of RRB’s additional reporting requirements pertaining to improper payment barriers, improper payment accountability, and relief from annual reporting request were missing or late. We made a few other observations regarding timeliness of data and achieving an optimal sampling and estimation plan.

<sup>12</sup> Pub. L. 111-204, 124 Stat. 2232-2233 (2010).  
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Beginning with fiscal year 2011, IPERA requires that we annually assess and report on six areas of compliance with criteria listed in the law. We considered OMB and Council of Inspectors General on Integrity and Efficiency for our evaluations of the additional reporting required in statute. We have provided the details of these compliance assessments, audit findings, observations, and recommendations for corrective action in this report.

## **Publish a Performance and Accountability Report**

The RRB published a PAR for fiscal year 2018 and posted that report and accompanying materials required under OMB guidance on the agency website. Therefore, the RRB complied with the first of six payment integrity reporting requirements. The RRB included in its PAR a link to [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) and informed the readers the link contained more detailed information. Please see the section later in this report titled “The Accuracy of Improper Payment Information Needs Improvement” for detailed assessment of the navigation instructions to the PAR.

Federal agencies are required to publish an Agency Financial Report (AFR) or PAR for the most recent fiscal year and post that report and any accompanying materials required by OMB on the agency website. The agencies must report information on payment integrity, disclosing payments that were processed correctly, and those payments that were improper.

## **Conduct Risk Assessment**

The RRB was not required to conduct risk assessments for RRB’s five programs during the fiscal year 2018 PAR reporting cycle. This is the second of six payment integrity reporting requirements. Table 3 summarizes our analysis of the RRB’s risk assessment schedule. Risk assessments were not applicable because

- OMB granted the RRB relief from reporting improper payments for the RRA and RUIA programs on July 19, 2018;
- RRB reported an improper payment estimate for RM in the fiscal year 2018 PAR; and
- RRB deemed the non-benefit paying programs, vendor and employee payment programs, not susceptible to significant improper payments in the fiscal year 2017 PAR reporting.

If required, federal agencies should conduct a program specific risk assessment for each program or activity that conforms with section 2(a) of the Improper Payments Information Act of 2002.<sup>13</sup> For programs that are deemed to be not susceptible to significant improper payments, agencies are required to perform risk assessments at least once every three years. Programs already reporting an improper payment estimate do not need to perform an additional improper payment risk assessment.

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<sup>13</sup> 31 U.S.C. § 3321.

**Table 3. RRB’s Risk Assessment Reporting as of April 2019**

Program	Last Fiscal Year of Reporting a Risk Assessment or Equivalent	Next Fiscal Year the Agency Should Report a Risk Assessment
RRA	2017 PAR (Estimate) 2018 PAR (Relief from Reporting)	2020 PAR
RUIA	2017 PAR (Estimate) 2018 PAR (Relief from Reporting)	2020 PAR
RM	2018 PAR (Estimate)	To Be Determined
Vendor Payments	2017 PAR (Assessment)	2020 PAR
Employee Payments	2017 PAR (Assessment)	2020 PAR

Source: RRB OIG Analysis.

### **Publish Improper Payment Estimates**

The RRB published an improper payment estimate for the RM program in its fiscal year 2018 PAR. Therefore, the RRB complied with the third of six payment integrity reporting requirements. This was the first year the RRB reported a RM improper payment estimate. The RRB relied on CMS’ CERT program for the accuracy and completeness of the estimate as explained later in this report.

Improper payment estimates were not reported for RRA and RUIA programs as the agency received reporting relief from OMB for these programs in July 2018. Vendor and employee payment estimates were not required because the RRB deemed them not susceptible to significant improper payments in the fiscal year 2017 PAR reporting.

If required, federal agencies must publish improper payments estimates for all programs and activities identified under section 2(c) of the Improper Payments Information Act of 2002 in the accompanying materials to the annual financial statement.<sup>14</sup>

### **Publish Corrective Action Plans**

The RRB published a corrective action plan for the RM program. Therefore, the RRB complied with the fourth of six payment integrity reporting requirements. This is the only RRB program with published improper payment estimates, which exceeded the threshold for significant improper payments as defined by OMB guidance. OMB granted the RRB relief from reporting improper payments for the RRA and RUIA programs. Vendor and employee payment programs were not deemed susceptible for significant improper payments.

<sup>14</sup> 31 U.S.C. § 3321.

If required, federal agencies must publish programmatic corrective action plans prepared under section 2(d) of the Improper Payments Information Act of 2002 that the agency may have in the accompanying materials to the annual financial statement.<sup>15</sup>

## **Publish and Meet Annual Reduction Targets**

The RRB published an annual reduction target for the RM program. Therefore, the RRB complied with the fifth of six payment integrity reporting requirements. They published a reduction target of 9.93 percent for fiscal year 2018 as recommended by CMS. This is the only RRB program with a published reduction target. OMB granted the RRB relief from reporting improper payments for the RRA and RUIA programs. Vendor and employee payment programs were not deemed susceptible for significant improper payments.

If required, federal agencies must publish improper payments reduction targets established under section 2(d) of the Improper Payments Information Act of 2002 for each program assessed to be at risk, and meet such targets.<sup>16</sup>

We did not assess whether the RRB met its RM annual reduction target because fiscal year 2018 was the first year of improper payment estimate reporting for the RM program.

## **Report a Gross Improper Payment Rate of Less than 10 Percent**

The RRB reported a gross improper payment rate of 10.53 percent for the RM program, which exceeded the 10 percent threshold. Therefore, the RRB is noncompliant with the last of six payment integrity reporting requirements. This was the first year RRB reported an improper payment rate for RM and it was the only program with a published rate. OMB granted the RRB relief from reporting improper payments for the RRA and RUIA programs. Vendor and employee payment programs were not deemed susceptible for significant improper payments.

Federal agencies are required to report a gross improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 2(c) of the Improper Payments Information Act of 2002.<sup>17</sup> According to Appendix C,

*... [f]or agencies that are not compliant for one fiscal year, within 90 days of the determination of non-compliance, the agency should submit a plan to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the OMB, describing the actions that the agency will take to become compliant.<sup>18</sup>*

As shown in Table 4, overpayment errors were caused by incorrect coding, medical necessity, and insufficient documentation. Underpayment errors were caused by incorrect coding. The majority of RM improper payments were due to insufficient documentation.

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<sup>15</sup> 31 U.S.C. § 3321.

<sup>16</sup> 31 U.S.C. § 3321.

<sup>17</sup> 31 U.S.C. § 3321.

<sup>18</sup> OMB M-18-20.

During our audit, Office of Programs management stated that their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for either.

**Table 4. Railroad Medicare Improper Payment Root Cause Categories**

Type of Improper Payment	Root Cause	Estimated Improper Payment (\$ millions)	Proportion of Overall Estimated Improper Payments
Overpayment	Administrative or Process Error Made by Other Party (Incorrect Coding)	\$18.50	20.61%
Overpayment	Insufficient Documentation to Determine	\$69.54	77.45%
Overpayment	Medical Necessity <sup>a</sup>	\$0.00	0.00%
Underpayment	Administrative or Process Error Made by Other Party (Incorrect Coding)	\$1.74	1.94%
Totals		\$89.78	100.00%

Source: RRB 2017 CERT Report Sampling Data.

<sup>a</sup> CERT attributed an estimated \$691.70 to medical necessity. The improper payment amount is too small to show an improper payment rate above zero percent.

As a result of reporting a gross improper payment rate of more than 10 percent, the RRB has not adequately prevented improper payments and they have incurred additional reporting requirements. At the time of this report, the RRB has been noncompliant for one fiscal year.

### ***Recommendations***

We recommend that the Office of Programs

1. submit a plan, within 90 days, to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the Office of Management and Budget, describing the actions that the agency will take to become compliant; and
2. achieve a gross improper payment rate of less than 10 percent for Railroad Medicare. The Office of Programs through the Railroad Retirement Board’s Specialty Medicare Administrative Contractor should continue to work with Medicare providers to communicate the documentation requirements and monitor the adherence to such requirements throughout the year.

### ***Management’s Comments and Our Response***

In response to our draft report, the Offices of Administration and Programs stated,

*[t]hrough consultation with CMS and the Office of General Counsel (OGC) we agree that CMS is responsible for the Medicare program as a whole. Section 1842(g) of the*

*Social Security Act provides that RRB's administrative responsibilities are limited to the determination of rights and certification of individuals as eligible for Medicare coverage and contracting for the administration of Part B. The statute does not grant RRB authority to administer the Medicare program or disburse payments to Medicare providers or contractors. As such, for improper payment purposes, CMS and RRB agree that Medicare should be treated as one program.*

For recommendations 1 and 2, the Office of Programs nonconcurred and stated,

*[e]ffective with fiscal year (FY) 2019[,] the Railroad Retirement Board (RRB) will no longer report on Medicare improper payments in the Performance and Accountability Report (PAR). The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by the United States Department of Health and Human Services (HHS). Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.*

OIG disagrees with management's response. Although the RRB received Board approval to cease the reporting of improper payment data, such approval is not sufficient because IPERA does not provide authority to the RRB's Board to grant relief from reporting. Under IPERA, OMB approval is needed to provide RRB with any reporting relief. The RRB identified RM as being susceptible for improper payments, thus subjecting the program to improper payment reporting requirements. Once an agency starts reporting, they must report for a minimum of two consecutive years before requesting that OMB grant them relief from annual reporting.

With respect to RRB's viewpoint that separately reporting RM is redundant to the Medicare improper payment reporting completed by HHS, it is pertinent to highlight OMB guidance regarding groupings of programs. Appendix C to OMB Circular No. A-123 requires that, "Agencies should not put programs or activities into groupings that may mask significant improper payment rates by the large size or scope of a grouping."

The intent of the statement is to provide complete transparency of improper payment rates for programs an agency is responsible for overseeing and administering. While maintaining the same principle of the guidance in Appendix C, a significant improper payment error rate of a small program should not be combined with a large program that has a rate below the statutory threshold to allow the otherwise noncompliant smaller program to become compliant. If the RRB follows through with its intentions of not reporting next year, it will be masking the fact that its performance in reducing improper payments has deteriorated further. We have documentation to show that next year's RM improper payment rate will be 12.5 percent.

The RRB is the first line of defense to deter and detect improper payments related to fraud attributable to RM beneficiaries as the RRB determines if a railroad worker or beneficiary is eligible to qualify for Medicare. The RRB is required to have appropriate procedures in place to ensure beneficiaries cannot erroneously or fraudulently receive RM Part B benefits or pay premiums for such benefits. The RRB is not bound by another organization to fulfill these responsibilities that have been entrusted to them by CMS and the public. On average of \$10.5 million per year, CMS pays the costs incurred by the RRB for services performed pursuant

to section 1840(b)(1) and section 1842(g) or pursuant to section 1860D-13(c)(1) or 1854(d)(2)(A) of the Social Security Act. This amount does not include the cost of the RRB's contract with Palmetto GBA.<sup>19</sup>

Further, OIG believes the magnitude of the RRB's administrative responsibilities needs to be reiterated. The RRB's use of the word limited in its response is misstating the RRB's actual authority, responsibilities, and influence for the following reasons.

The RRB has been the awarding agency for its SMAC contract with Palmetto GBA, since September 28, 2012. At the time of this report, the potential award amount for this seven year contract was approaching \$200 million. Of this amount, approximately \$122 million has already been obligated or paid by the RRB's contracting team. The RRB paid Palmetto GBA to process RM Part B claims and provide value-added services to the railroad community that according to the RRB, the CMS' MACs do not perform. It is pertinent to note that RM is only 0.2 percent of total overall Medicare expenditures.

Additionally, the RRB has the responsibility to assign a contracting officer and contracting officer representative in order to oversee fulfillment of SMAC's contractual obligations. These RRB employees, not CMS employees, determine if the monthly invoices submitted by SMAC should or should not be paid and conduct SMAC quality assurance reviews.

Even though the RRB does not make direct payments to providers, the RRB's SMAC determines if payments to providers should be made on behalf of the RRB's beneficiaries. When it comes to identifying improper payment root causes, the errors are a result of the agency or contractor failing to correctly process, verify, or obtain sufficient documentation prior to the payment being authorized or disbursed; therefore, the responsibility to prevent and reduce improper payments is more dependent upon sound agency processes including effective RRB contracting oversight as opposed to whom disburses the payment to the Railroad Medicare providers. As mentioned earlier in this report's section titled "Background," we said, "with respect to RM program, the RRB had an extended enterprise relationship with CMS and the RRB's SMAC, Palmetto GBA." An excerpt from the MOU supporting the extended enterprise relationship is given in Figure 1.

**Figure 1.**

**The CMS staff and RRB Medicare program and contracting staff will perform mutually supporting administrative functions and tasks. These include, but are not limited to, due diligence, contractor oversight and management review similar to that performed internally by CMS divisions in their oversight of CMS awarded MAC contracts. Both staff shall maintain frequent communication to assure due diligence that contract measures are carried out by both parties to this MOU and to ensure stewardship of the Medicare Trust Fund and adherence to applicable laws and regulations.**

Source: MOU13-61.

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<sup>19</sup> 42 U.S.C. § 1395t.



According to OMB M-16-17 and OMB M-18-20, as part of the extended enterprise,

*... although agency's have less control, they still maintain responsibility for managing risk to payment integrity that comes from the extended enterprise. This could include current and future legislation related to payment integrity, the current and future state of the economy, or public perception of agencies and the role of government. Like the extended enterprise, despite having little or no control, agencies retain the responsibility for the management of risk that comes from the greater risk environment.*

RRB has displayed a pattern of inconsistency regarding their responsibility and authority when it comes to certain aspects of RM. For example, the RRB was able to implement a recommendation through the SMAC from RRB OIG Report No. 15-07 that improves the accuracy of particular chiropractic claims processing and payments yet, the RRB will not accept their overall role to improve the RM improper payment error rate.<sup>20</sup> Furthermore, they will not consider advocating improvements to RM sampling and estimation as part of CMS' CERT program that would unlikely be raised if absorbed by CMS.

It is our position that until the law changes, or CMS absorbs the administration of RM and the contracting oversight of the RRB's SMAC, or both, the RRB should continue to report improper payment data on RM. If not, there is a concern of transparency as the RRB would not be held accountable for its role in maintaining effective oversight of the SMAC, which includes ensuring the contractor is appropriately implementing corrective actions such as automated edits or other procedures directed by CMS that would subsequently effect RM improper payment reporting.

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<sup>20</sup> RRB OIG, *Railroad Retirement Board Medicare Contract Oversight Did Not Effectively Mitigate Chiropractic Service Risks*, Report No. 15-07 (Chicago, IL: June 4, 2015).

## The Accuracy of Improper Payment Information Needs Improvement

OMB guidance requires the RRB OIG to evaluate the accuracy of agency reporting. We determined the RRB's payment integrity reporting was accurate but could be improved.

Navigation instructions to the PAR need improvement. The RRB's improper payment data was included in the PAR and referred readers to "... [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) (Resources tab, listed under Links to Agency Annual Financial Reports)."<sup>21</sup> However, the RRB provided superfluous instructions to access the additional information from the hyperlink. At the time of review, we found the navigation instructions were incorrect because the owners of the payment accuracy website had changed the organization of the page, including the subheading that was supposed to be titled "Links to Agency Annual Financial Reports." This subheading was removed. When attempting to navigate to the RRB's PAR from the new subheading and link provided as shown in Figure 2, we could not access the report.

Figure 2.

### Federal Financial Reports – Agency Performance and Accountability Reports (PAR) or Agency Financial Reports (AFR)

- Accessible through the FASAB website

Source: <https://paymentaccuracy.gov/resources/> accessed on March 25, 2019.

### Recommendation

3. We recommend that the Office of Programs remove or update the navigation instructions to the Performance and Accountability Report.

### Management's Comments

The Office of Programs concurred with our recommendation.

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<sup>21</sup> RRB Performance and Accountability Report (PAR) for Fiscal Year 2018.  
RRB Compliance with IPERA - Report No. 19-09

## **Incomplete Improper Payment Information and Data for the Railroad Medicare Program**

OMB guidance required the RRB OIG to evaluate the completeness of agency reporting. We determined the RRB's sampling and estimation plan and reduction target were incomplete for RM.

### ***Incomplete Sampling and Estimation Plan***

The RRB's sampling and estimation plan for RM was incomplete. We determined the RRB's Chief Financial Officer (CFO) or other RRB agency program official did not certify the plan; the RRB did not possess the plan or the plan's applicable CMS certification; and the RRB did not submit the plan by the June 30 deadline. Based on the documentation reviewed, we could not determine if CMS certified the RM plan.

IPERA requires agencies to produce statistically valid estimates of improper payments; therefore, each plan must be accompanied by a certification stating the methodology will produce a statistically valid estimate. The certification should have been signed by an RRB official of the RRB's choosing (e.g., this could be the CFO, Deputy CFO, or a program official).

According to the current and prior Appendix C to OMB Circular A-123 (Appendix C), agencies are responsible for designing and documenting their sampling and estimation plan.<sup>22</sup> Each plan should be prepared by a statistician and submitted to OMB no later than June 30th of the fiscal year for which the estimate is being produced.

In coordination with HHS OIG, we obtained RRB's RM sampling and estimation plan directly from HHS because the RRB did not possess it as required. We determined RRB relied on CMS' CERT sampling and estimation plan without complete examination and did not evaluate the completeness of the RM's plan. According to the RRB's CFO and management in the Office of Programs, CMS owns the CERT and Medicare programs and the RRB is not responsible for either, including the sampling and estimation plan. They believed this because of the contents of MOU13-61.

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<sup>22</sup> Unless otherwise indicated, from this point forward in the report the term "Appendix C" will imply "Appendix C to OMB Circular No. A-123." The prior Appendix C was titled and dated: OMB, Appendix C to Circular No. A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, M-15-02 (October 20, 2014). The current Appendix C in effect at the time of this audit was titled and dated: OMB, Appendix C to Circular No. A-123, *Requirements for Payment Integrity Improvement*, M-18-20 (June 26, 2018).

We examined the MOU to determine RRB and CMS agency responsibilities for the CERT program. The only guidance we found regarding CERT is shown in Figure 3.

**Figure 3.**

- **Review and coordinate with the RRB how and when the CMS Comprehensive Error Rate Testing (CERT) Program will apply to the SMAC; and**

Source: MOU13-61.

The MOU was signed prior to RM's inclusion in the CERT program and did not include anything regarding each agencies' payment integrity reporting roles and responsibilities. According to the MOU, the scope of work should be expanded as necessary to meet the needs of both RRB and CMS. If both parties agree, additional responsibilities may be added to this MOU.

The MOU does not limit RRB's responsibility or ability to reduce improper payments. According to the MOU, the RRB and CMS must work together to meet the needs of both parties. Additionally, the MOU is to be executed within the terms of the RRB and Palmetto GBA statement of work. During the exit conference, management in the Office of Programs stated that the earliest update to the MOU would not be until September 2022. Appendix C, requires that the RRB

- maintains responsibility for managing risk to payment integrity that comes from the extended enterprise;
- should approach improper payments with an ERM framework in mind and link agency efforts in establishing internal controls and preventing improper payments; and
- is responsible for maintaining the documentation to demonstrate sampling and estimation steps were satisfied. The plans should generally provide sufficient documentation of the sample design, so that an agency's Inspector General may evaluate the design.

Because of the incomplete sampling and estimation plan and its extended enterprise, the RRB did not meet the OMB standard for a statistically valid and rigorous plan. Additionally, RRB management believes it does not have full control to implement the oversight necessary to reduce improper payments for RM.

Please see the section in this report titled "Other Observations" for details concerning the RRB not ensuring that RM's sampling and estimation plan was statistically valid and rigorous.

### ***Incomplete Reduction Target***

RRB's Office of Programs did not obtain or possess documentation of OMB's approval for the reduction target of 9.93 percent for RM program. According to Appendix C, the Director of OMB must approve reduction targets. This approval process would take place during the OMB review and approval process of data requests from OMB and the agencies draft AFRs and PARs.

CMS recommended the RRB's target of 9.93 percent for lowering the Part B improper payment rate and is why the RRB did not obtain or possess applicable documentation. During our audit, Office of Programs management stated that their position on our findings (for RM payment integrity reporting) was that CMS owns the CERT and Medicare programs and the RRB is not responsible for either.

Unapproved reduction targets may not yield the outcome desired by OMB regarding the level and timeline of reduction targets.

### ***Recommendations***

We recommend that the Office of Programs

4. obtain and maintain the applicable Railroad Medicare sampling and estimation plan agency certification. It must be a Centers for Medicare and Medicaid Services' certification, Railroad Retirement Board Chief Financial Officer's certification, or other Railroad Retirement Board program official's certification;
5. obtain the Railroad Medicare sampling and estimation plan for the fiscal year 2019 payment integrity reporting cycle;
6. establish a written policy to ensure subsequent Railroad Medicare sampling and estimation plans are obtained and readily available for review so that a qualified statistician would be able to replicate what was done or so that Office of Management and Budget, agency Inspector General, or Government Accountability Office personnel can evaluate the design;
7. submit the Railroad Medicare sampling and estimation plan for fiscal year 2019 to the Office of Management and Budget by the June 30th deadline; and
8. obtain the Office of Management and Budget approval for Railroad Medicare's overall reduction target rate.

We recommend that the Office of Programs and the Office of Administration work together to

9. update the Memorandum of Understanding (MOU13-61) to describe the applicable agency responsibilities as they pertain to Improper Payments Elimination and Recovery Act laws and Office of Management and Budget guidance for payment integrity reporting.

### ***Management's Comments and Our Response***

The Offices of Administration and Programs did not concur with our recommendations.

The Office of Programs response for recommendations 4 through 8 were the same as their response to recommendations 1 and 2. Our evaluation of their comments is also the same. Please refer to our comments for those recommendations.

For recommendation 9, the Offices of Administration and Programs stated, “The RRB remains committed to having the most current Memorandum of Understanding (MOU) in place with the Center[s] for Medicare and Medicaid Services (CMS). However, the updating of the MOU requires collaboration of both CMS and the RRB. The RRB cannot mandate that the MOU be updated.”

OIG disagrees and believes that it is reasonable to collaborate with CMS and update the MOU governing the relationship between the RRB and CMS in order to make a clear distinction regarding responsibilities as they pertain to improper payment laws. This MOU was executed before the RM program was determined to be susceptible to improper payments.

### **Agency Performance in Reducing and Recapturing Improper Payments**

OMB guidance requires that the agency’s Inspector General evaluate agency performance in reducing and recapturing improper payments. We did not evaluate RRB’s performance in reducing improper payments for the RRA, RUIA, or RM programs because the RRB received RRA and RUIA relief from reporting in July 2018 and it was the first year of RM reporting. However, we determined some of the RRB’s recapture program information was missing and needs improvement. We discussed our findings in reference to uncollectible amounts, the Do Not Pay (DNP) Initiative, and cost benefit analysis in the sections below.

#### ***Railroad Medicare Recapture Program***

We did not evaluate RRB’s performance in reducing improper payments for the RM program in the fiscal year 2018 PAR because it was the first year of reporting. There was no improper payment rate or amount for RM presented in the fiscal year 2017 PAR. However, we did review recapture amounts, uncollectible amounts, and the DNP Initiative.

#### **Railroad Medicare Recapture Amounts**

The totals for RM reflect the amounts reported by RRB’s SMAC. Palmetto recovers all identified overpayments (including those identified by the CERT program) by standard payment recovery methods. We considered the amount recaptured sufficient as shown in Table 5.

**Table 5. Payment Recapture Data for the RM Program**

<b>Amount Identified Fiscal Year 17</b>	<b>Amount Recaptured Fiscal Year 17</b>
\$5.31 million	\$4.69 million

Source: RRB’s Performance and Accountability Report (PAR) for Fiscal Year 2018.

### **Railroad Medicare Uncollectible Amounts**

During our review of the RM recapture program, we determined that RRB did not include RM uncollectible amounts in its fiscal year 2018 PAR. RRB provided Palmetto's accounts receivable report for Railroad beneficiaries and providers to support the aforementioned \$5.31 million in overpayments. It contained items such as amounts written off, bad debts, and allowance for uncollectible accounts.

According to OMB Circular No. A-136, Financial Reporting Requirements, an agency should describe a justification of any overpayments that have been determined not to be collectible in its PAR.

The Office of Programs was not aware of the requirement to include RM uncollectible amounts in its fiscal year 2018 PAR. During our audit, Office of Programs management stated their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for them. By not providing the required information, RRB did not comply with the transparency requirements intended by OMB for the Congress and the public.

### **Railroad Medicare and the Do Not Pay Initiative**

During our review of the agency's performance in reducing and recapturing improper payments, we determined that the RRB did not provide a sufficient explanation in its fiscal year 2018 PAR on the DNP Initiative related to RM. We found that Palmetto used the List of Excluded Individuals and Entities (LEIE) to prevent improper payments. Using databases like those, meets the intent of public law that covers the DNP Initiative.

In accordance with OMB guidance, agencies should provide a brief narrative of the reduction in improper payments that is attributable to the DNP Initiative, as applicable."<sup>23</sup> Additionally, Improper Payments Elimination and Recovery Improvement Act of 2012 requires that

*... [a]t a minimum and before issuing any payment and award, each agency shall review as appropriate the following databases to verify eligibility of the payment and award:*

*(A) The Death Master File of the Social Security Administration.*

*(B) The General Services Administration's Excluded Parties List System.*

*(C) The Debt Check Database of the Department of the Treasury.*

*(D) The Credit Alert System or Credit Alert Interactive Voice Response System of the Department of Housing and Urban Development.*

*(E) The List of Excluded Individuals/Entities of the Office of Inspector General of the Department of Health and Human Services.<sup>24</sup>*

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<sup>23</sup> OMB Circular No. A-136.

<sup>24</sup> Pub. L. 112-248, 126 Stat. 2393 (2013).

As shown, LEIE is one of the required databases under the DNP Initiative. We believe the RRB could have included information related to improper payments found by Palmetto while they were using the LEIE.<sup>25</sup> We considered the DNP Initiative as a whole and not just the DNP portal, which is a component of the Initiative. The public, including Palmetto, can obtain the LEIE without access to the DNP portal.

The narrative was not included because Office of Programs personnel attested that RRB did not issue payments for RM claims, the DNP portal is a tool for federal agencies, and Palmetto is not a federal agency and therefore not included in the DNP portal. During our audit, Office of Programs management stated that their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for either.

By not providing the required information, the RRB did not comply with the transparency directed by OMB for the Congress and the public.

***Railroad Retirement Act and Railroad Unemployment Insurance Act Recapture Programs***

We did not evaluate RRB’s performance in reducing improper payments for the RRA and RUIA programs because the RRB received relief from reporting in July 2018. Therefore, RRB did not include any RRA or RUIA improper payment data. Due to the OMB approved relief from reporting, the RRA and RUIA programs are not considered susceptible to significant improper payments and return to a risk assessment reporting cycle.

We were able to compare reported RRA and RUIA payment recaptured data for fiscal years 2016 and 2017 as shown in Table 6. The data showed an increase in recoveries and the RRB continued to recover identified improper payments as described in its PAR.

**Table 6. Comparative Payment Recapture Data for RRA and RUIA**

Fiscal Year	RRA	RUIA
2017	\$70.22 million	\$25.95 million
2016	\$64.42 million	\$23.19 million

Source: RRB PAR for Fiscal Year 2018.

In our prior year audit report, we determined recaptured amounts for the RRA program was understated by an estimated \$5.5 million, which consisted of unposted returned payments.<sup>26</sup>

<sup>25</sup> Palmetto GBA directly used the List of Excluded Individuals/Entities via a monthly data file emailed from CMS.

<sup>26</sup> RRB Office of Inspector General (OIG), *Audit of Railroad Retirement Board’s Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2017 Performance and Accountability Report*, Report No. 18-05 (Chicago, IL: May 9, 2018).



This occurred because the Bureau of Fiscal Operations provided the recaptured amounts to the Office of Programs for reporting purposes, but the Bureau of Fiscal Operations was unaware of the unposted returned payments. Our prior year audit recommendations remain open.<sup>27</sup>

### **Railroad Retirement Act and Railroad Unemployment Insurance Act Uncollectible Amounts**

During our review of the recapture program for RRA and RUIA, we found the RRB did not provide any justification for uncollectible RRA and RUIA amounts in its PAR. The RRB identified the estimated amount determined to be uncollectible at 24.9 percent for RRA and 19.3 percent for RUIA. We consider both material.

According to OMB Circular No. A-136, an agency should describe a justification of any overpayments that have been determined not to be collectible in its PAR.

RRB management assumed that their compliance with the Debt Collection Improvement Act of 1996 and previous IPERA reporting ensured compliance with this year's uncollectible recapture reporting.<sup>28</sup> We considered the Council of Inspectors General on Integrity and Efficiency's October 2018 guidance for our evaluations of payment integrity reporting, which emphasized components of reporting other than the six compliance requirements.

By not providing the required information, the RRB did not comply with the transparency directed by OMB for the Congress and the public.

### ***Non-Benefit Programs: Vendor and Employee Payments Recapture Program***

The RRB did not conduct a cost benefit analysis to determine if it could have a cost effective payment recapture program for vendor and employee payments. Instead, the RRB relied on a risk assessment in its determination of cost effectiveness. Furthermore, RRB management stated they notified OMB and the OIG auditors of their decision not to conduct a payment recapture program during the previous PAR reporting cycle.

According to Appendix C, an agency may consider the likelihood that identified overpayments will be recaptured and the likelihood that the expected recoveries will be greater than the costs incurred to identify and recover the overpayments in determining whether a payment recapture audit is cost effective. Additionally, Appendix C requires that

*[i]f an agency determines that it would be unable to conduct a cost-effective payment recapture audit program for certain programs[,] ... it should notify OMB and the agency's Inspector General of this decision and include any analysis used by the agency to reach this decision. The notification may take place in a memo that is submitted to OMB and the agency Inspector General via email.<sup>29</sup>*

It is the RRB's position that the vendor and employee risk assessments included a sufficiently detailed description. Therefore, a payment recapture program would not be cost effective for

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<sup>27</sup> RRB OIG, Report No. 18-05, Recommendations 2 and 3.

<sup>28</sup> Pub. L. 104-134, 110 Stat. 1321-358 (1996).

<sup>29</sup> OMB M-18-20.

vendor and employee payments.<sup>30</sup> However, qualitative factors used in risk assessments were designed to determine whether a program was susceptible to significant improper payments and not designed to determine whether a payment recapture program would be cost effective. Therefore, a risk assessment on its own is not sufficient justification as the agency has previously approved alternatives to the formal payment recapture programs in place for other programs that were deemed not susceptible to significant improper payments by their respective risk assessments (e.g. RRA and RUIA). By not conducting a cost benefit analysis or effectively communicating its intent, the RRB did not comply with the transparency directed by OMB for the Congress and the public.

### ***Recommendations***

We recommend that the Office of Programs

10. include a brief narrative of the reduction in improper payments that is attributable to the Do Not Pay Initiative for Railroad Medicare and associated systems; and
11. identify, publish, and provide a justification for Railroad Medicare uncollectible amounts.

We recommend that the Bureau of Fiscal Operations

12. provide justification for Railroad Retirement Act and Railroad Unemployment Insurance Act uncollectible amounts;
13. develop a payment recapture audit program for vendor and employee payments, or approved alternative method, if one is deemed cost effective; and
14. if a payment recapture audit program is deemed not cost effective, provide a cost benefit analysis, in accordance with the Office of Management and Budget's best practices as outlined in Appendix C, in writing to Office of Management and Budget and the Office of Inspector General, and include it in the fiscal year 2019 Performance and Accountability Report.

### ***Management's Comments and Our Response***

The Office of Programs did not concur with recommendations 10 and 11. Their response was the same as their response to recommendations 1 and 2. Our evaluation of their comments is also the same. Please refer to our comments for those recommendations.

For recommendations 12, 13, and 14, the Bureau of Fiscal Operations concurred with our recommendations.

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<sup>30</sup> The RRB deemed vendor and employee payments not susceptible to significant improper payments in its fiscal year 2017 PAR.

## **Additional Reporting Required in Statute**

As part of this audit, we evaluated the agency's additional reporting as required in OMB Circular A-136 and OMB M-18-20. We determined some of the RRB's additional reporting requirements were missing or late. We discussed our findings in reference to improper payment barriers, improper payment accountability, and relief from annual reporting request in the sections below.

### ***Improper Payment Barriers***

In the fiscal year 2018 PAR, RRB has described the internal controls, human capital, information systems, and other infrastructure it needs to reduce improper payments to the levels RRB has targeted. However, the RRB did not describe statutory or regulatory barriers that could limit corrective actions for RM.

When the fiscal year 2018 PAR was published, RRB management did not believe there were any statutory or regulatory barriers limiting the agency's corrective actions to reduce RM improper payments. During the audit, RRB management changed its position and now believes CMS is a barrier to implementing corrective actions. RRB management stated that CMS controls Medicare, limits RRB's corrective actions, and controls RM funding. Going forward, RRB management stated they would document CMS as a barrier.

For all programs and activities with improper payments exceeding the statutory thresholds listed in Appendix C, agencies may describe any statutory or regulatory barriers, which may limit the agency's corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.<sup>31</sup>

Because the RRB did not describe barriers that could limit corrective actions for RM, OMB may not realize the implications that may impede the RRB from achieving a gross improper payment rate of less than 10 percent for RM.

### ***Improper Payment Accountability***

RRB has no specific performance appraisal criteria for its employees to reduce improper payments for the RM program. OMB Circular A-136 requires that

*[f]or all programs and activities as determined under OMB Circular A123, Appendix C, Part I.D with IPs [improper payment] exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B., agencies shall describe the steps the agency 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. Specifically, they should be held*

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<sup>31</sup> Throughout OMB Circular No. A-136, the terms "must," "shall," and "will" denote a requirement that management must comply with in all cases; the term "should" denotes a presumptively mandatory requirement that applies except in circumstances where the requirement is not relevant for the agency; and "may" and "could" denote best practices that may be adopted at the discretion of management.

*accountable for meeting applicable IPs reduction targets and establishing and maintaining sufficient internal controls (including an appropriate control environment) that effectively prevents IPs from being made and promptly detects and recaptures any IPs that are made.*

Office of Programs management stated they could not hold employees responsible for reducing improper payments when they have no control over RM funding. RRB relies on CMS to be reimbursed for expenditures to fund the RM program. During our audit, Office of Programs management stated that their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for either.

We explained this requirement could apply to any of the five programs and should be considered for future payment integrity reporting. Office of Programs officials identified a timing issue for fiscal year 2018 employee performance plans that would not have allowed time to incorporate OMB changes to its “Accountability” section in Appendix C, which now requires that appropriate individuals have performance appraisal criteria for reducing and recapturing improper payments. This requirement first appeared in OMB Circular No. A-136, dated August 15, 2017.

RRB participates in an annual OMB conference call to receive updates on significant changes to ensure applicable employees are up-to-date on the current standards. RRB management did not implement a control process to ensure all OMB updates were sufficiently addressed in the PAR.

As a result, RRB RM managers and employees did not have appraisal incentives to enact corrective actions to reduce improper payments. Therefore, improper payments could continue in the future, as individuals with primary oversight responsibilities are not adequately held accountable as the OMB guidance intended.

### ***Relief from Annual Reporting***

The RRB obtained relief for improper payment reporting for RRA and RUIA programs on July 19, 2018. Even though the request was approved, it was made late on July 6, 2018. According to OMB’s M-18-20, the fiscal year 2018 relief request should have been submitted to OMB by March 31, 2018.

We took into consideration that OMB published OMB M-18-20 on June 26, 2018 and may have contributed to RRB’s late request. However, we determined that prior OMB improper payment reporting guidance required the relief request to be submitted no later than June 30, 2018. Additionally, Office of Programs explained that they initially reached out to the OIG on May 24, 2018 to share their request for reporting relief and received OIG feedback on June 25, 2018. Office of Programs management informed OIG auditors that the deadline for submitting a request for relief was June 30, 2018.

Prior OMB guidance required OIG concurrence but current guidance stated the requests may be submitted without assertion from the agency’s OIG, if the agency notes the reason(s) the OIG would not provide an assertion.

## ***Recommendations***

We recommend that the Office of Programs

15. adopt the Office of Management and Budget's recommended best practice and describe statutory or regulatory barriers in the fiscal year 2019 Performance and Accountability Report;
16. update applicable performance appraisals with specific criteria for meeting applicable improper payment reduction targets and establish and maintain sufficient internal controls to reduce improper payments in accordance with Office of Management and Budget Circular A-136; and
17. develop and implement an internal control process (e.g. a checklist) to ensure all updates to Appendix C and Office of Management and Budget Circular A-136 relating to improper payments are sufficiently addressed for payment integrity reporting.

## ***Management's Comments and Our Response***

The Office of Programs did not concur with our recommendations.

The Office of Programs response for recommendations 15 and 16 were the same as their response to recommendations 1 and 2. Our evaluation of their comments is also the same. Please refer to our comments for those recommendations.

For recommendation 17, the Office of Programs stated,

*[t]he Office of Programs maintains ongoing awareness of potential changes to Appendix C and Circular A-136 relating to improper payments by reading drafts and providing comments (as needed) directly to OMB. In addition, we participate in the OMB's Town Hall meetings which specifically address changes to these Circulars. Lastly, final versions of Appendix C and Circular A-136 are disseminated to Program's staff.*

OIG disagrees with the sufficiency of the actions described as our report identified additional deficiencies in completeness of improper payment reporting. Please see the section earlier in this report titled "Incomplete Improper Payment Information and Data for the Railroad Medicare Program."

The intent of the recommendation is to ensure the Programs' staff sufficiently identify, consider, and address any changes of improper payment law or updates to applicable guidance. A checklist or similar control may adequately address the recommendation. Although the actions described may have occurred, they did not help the RRB identify the changes to improper payment reporting requirements.

## Other Observations

While conducting this audit, we made other observations regarding timeliness of data and achieving an optimal sampling and estimation plan. We described the details of our observations in the next sections.

### ***Railroad Medicare Payment Reporting Data Does Not Coincide with Fiscal Year 2018***

The RRB's RM data was approximately two years old in the fiscal year 2018 PAR because RM data was based on claims sampled between July 2015 and June 2016 for its payment reporting. The primary report published, which contained such analysis, is titled "November 2017 Final Report for Contractor RRB" as of October 12, 2017. CMS provided RRB with this report after November 15, 2017 and after the publication of the fiscal year 2017 PAR. Therefore, the RRB used the analysis in its fiscal year 2018 PAR. This occurred even though approximately one year old data was available earlier than it was provided to the RRB.

According to Appendix C,

*[t]o the extent possible, data used for estimating improper payments in a given program should coincide with the fiscal year [FY] being reported (for example, the estimate reported in the FY 2018 AFR or PAR would be based on data from FY 2018). However, agencies may utilize a different 12-month reporting period with approval from OMB. This request for approval should be submitted to OMB no later than June 30 in the fiscal year for which the estimate is being reported and should be documented in responses to OMB data requests and/or in the AFR or PAR. For example, the estimate reported in the FY 2018 AFR or PAR could be based on data from FY 2017, if approved by OMB.*

*As another example, the estimate reported in the FY 2018 AFR or PAR could be based on data from the last two quarters of FY 2017 and the first two quarters of FY 2018, if approved by OMB. For consistency purposes, the agency should continue using the same time period for subsequent reporting years, unless a different time period is proposed by the agency and approved by OMB. Therefore, agencies do not need to re-submit a request for approval every year, only when they are planning to change their reporting time period.<sup>32</sup>*

In coordination with HHS OIG, HHS, and CMS and our review of HHS's AFR, we determined that HHS issued its fiscal year 2018 AFR based on claims between July 2016 and June 2017 and not the two year old sampling like the RRB. According to CMS, they focused on the overall Medicare payment integrity reporting results for their agency first. CMS explained they provided RRB (Palmetto GBA) with the results after November 15, along with the other Medicare Administrative Contractors. During our audit, Office of Programs management stated their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for either.

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<sup>32</sup> OMB M-18-20.

The RRB's use of RM data that did not coincide with fiscal year 2018 directly and indirectly effects the RRB's ability to 1) prevent improper payments from being made, 2) obtain a statistically valid and rigorous plan, 3) implement relevant corrective action, and 4) obtain a gross improper payment rate of less than 10 percent in a timely manner.

### ***Recommendation***

18. We recommend that the Office of Programs work with the Centers for Medicare and Medicaid Services to meet the needs of Railroad Retirement Board's payment integrity reporting. If the Railroad Retirement Board is not able to obtain claims data that coincides with the fiscal year being reported, obtain Office of Management and Budget's approval for the delayed reporting timeframe.

### ***Management's Comments and Our Response***

The Office of Programs did not concur with our recommendation and their response for recommendation 18 was the same as their response to recommendations 1 and 2. Our evaluation of their comments is also the same. Please refer to our comments for those recommendations.

### ***The Sampling and Estimation Plan was Not Optimal***

The RRB did not ensure the RM's sampling and estimation plan was at the optimal level, which is statistically valid and rigorous. Improper Payments Elimination and Recovery Improvement Act of 2012 requires that all improper payment estimation plans be statistically valid. OMB categorizes sampling plans into three groups from best to worst. They are statistically valid and rigorous, statistically valid, or non-statistically valid.

We determined the RM plan was statistically valid but not statistically valid and rigorous. In order for a plan to be statistically valid and rigorous, it must have a +/-3 percent or better margin of error at the 95 percent confidence level for the improper payment percentage estimate. RM's plan contained a +/-5 percent margin of error at the 95 percent confidence level. If an agency has anything but a statistically valid and rigorous plan, OMB directs such agencies to work towards improving their plans to meet the requirements for statistically valid and rigorous plans.

Given the publication date of OMB M-18-20 compared to the timeframe RRB prepared its payment integrity section, we reviewed prior OMB guidance to determine if the RM plan's precision rate would have been acceptable in relation to the actual timeframe of the sampling data. In this comparison, it was actually worse. The plan would have been out of compliance and not considered statistically valid. Prior guidance allowed for 90 percent confidence interval of +/-2.5 percent or the use of a 95 percent confidence interval of +/-3 percent around the estimate of the dollar amount of improper payments. It also encouraged agencies to increase samples above the minimum to achieve greater precision.

The RRB relied on CMS' CERT sampling methodology and estimation plan without complete examination. The RRB did not determine the impact on RM's improper payment rate, sampling and estimation plan, or precision target at the time of implementation. During our audit, Office of Programs management stated their position on our findings (for RM payment integrity reporting) was that CMS owns Medicare and the CERT program and the RRB is not responsible for either.

This resulted in 144 claims out of approximately 9 million being sampled for RM. A sample size of 144 claims did not meet the OMB requirement of +/-3 percent precision level with 95 percent confidence interval. Additionally, compliance with the future reduction target depends on the program or activity's sampling and estimation plan type. For example, if the RRB had a statistically valid plan then the reduction target would count as being met only if their estimated improper payment rate is lower than or equal to the reduction target. Conversely, if the RRB had a statistically valid and rigorous plan then the reduction target would count as being met if the confidence interval includes the reduction target.

Please refer to the section earlier in this report titled "Incomplete Improper Payment Information and Data for the Railroad Medicare Program" for details concerning the RRB's incomplete RM sampling and estimation plan.

### ***Recommendation***

19. We recommend that the Office of Programs and the Office of Administration work together to update the Memorandum of Understanding (MOU13-61) dated April 12, 2013 to ensure it reflects the applicable agency responsibilities as they pertain to improper payment reporting sampling and estimation plans.

### ***Management's Comments and Our Response***

The Offices of Programs and Administration did not concur with our recommendation.

The Offices of Administration and Programs response for recommendation 19 was the same as their response to recommendations 1 and 2. Our evaluation of their comments is also the same. Please refer to our comments for those recommendations.

In respect to this finding, OIG believes that it is reasonable to collaborate with CMS and update the MOU governing the relationship between the RRB and CMS in order to make a clear distinction regarding responsibilities as they pertain to improper payment laws. This MOU was executed before the RM program was determined to be susceptible to improper payments.



## APPENDIX I: MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT  
**MEMORANDUM**

FORM G-1151 (1-82)  
RAILROAD RETIREMENT BOARD

May 22, 2019

**TO:** Debra Wheat  
Deputy Assistant Inspector General for Audits

**FROM:** Crystal Coleman *Crystal Coleman/KCP*  
Acting Director of Programs

Keith Earley *Keith Earley*  
Director of Administration

**SUBJECT:** **Draft** – Audit of Railroad Retirement Board’s Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018  
Performance and Accountability Report

We are responding to the recommendations addressed to the Office of Programs. The Railroad Retirement Board’s (RRB’s) responsibility under the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA), requires the RRB to make payments directly to beneficiaries. This is not the case with Medicare. The question of RRB’s responsibilities with respect to Medicare and the RRB SMAC contract has been researched and addressed in the past. Through consultation with CMS and the Office of General Counsel (OGC) we agree that CMS is responsible for the Medicare program as a whole. Section 1842(g) of the Social Security Act provides that RRB’s administrative responsibilities are limited to the determination of rights and certification of individuals as eligible for Medicare coverage and contracting for the administration of Part B. The statute does not grant RRB authority to administer the Medicare program or disburse payments to Medicare providers or contractors. As such, for improper payment purposes, CMS and RRB agree that Medicare should be treated as one program. Following are the Office of Programs responses to the recommendations:

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### Recommendation 1

Submit a plan, within 90 days, to the Senate Committee on Homeland Security and Governmental Affairs, the House Committee on Oversight and Government Reform, and the Office of Management and Budget, describing the actions that the agency will take to become compliant.

### Response

RRB non-concur. Effective with fiscal year (FY) 2019 the Railroad Retirement Board (RRB) will no longer report on Medicare improper payments in the Performance and Accountability Report (PAR). The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by the United States Department of Health and Human Services (HHS). Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 2**

Achieve a gross improper payment rate of less than ten percent for Railroad Medicare. The Office of Programs through the Railroad Retirement Board's contractor should continue to work with Medicare providers to communicate the documentation requirements and monitor the adherence to such requirements throughout the year.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 3**

We recommend that the Office of Programs remove or update the navigation instructions to the Performance and Accountability Report.

**Response**

We concur. The Office of Programs will no longer include additional website navigation instructions that are outside the requirements of OMB guidance for preparing the Payment Integrity section of the PAR.

Target Implementation: December 31, 2019.

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**Recommendation 4**

Obtain and maintain the applicable Railroad Medicare's sampling and estimation plan agency certification. It must be a Centers for Medicare and Medicaid Services' certification, Railroad Retirement Board Chief Financial Officer's certification, or other Railroad Retirement Board agency program official's certification.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 5**

The Office of Programs should obtain the Railroad Medicare sampling and estimation plan for the fiscal year 2019 payment integrity reporting cycle.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 6**

Establish a written policy to ensure subsequent Railroad Medicare sampling and estimation plans are obtained and readily available for review so that a qualified statistician would be able to replicate what was done or so that Office of Management and Budget, agency Inspector General, or Government Accountability personnel can evaluate the design.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 7**

The Office of Programs should submit the Railroad Medicare's sampling and estimation plan for fiscal year 2019 to the Office of Management and Budget by the June 30 deadline.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 8**

Obtain the Office of Management and Budget approval for Railroad Medicare's overall reduction target rate.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 9**

Update the Memorandum of Understanding (MOU13-61) to describe the applicable agency responsibilities as they pertain to Improper Payments Elimination and Recovery Act laws and Office of Management and Budget guidance for payment integrity reporting.

**Response**

We non-concur. The RRB remains committed to having the most current Memorandum Of Understanding (MOU) in place with the Center for Medicare and Medicaid Services (CMS). However, the updating of the MOU requires the collaboration of both the CMS and the RRB. The RRB cannot mandate that the MOU be updated.

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**Recommendation 10**

The Office of Programs should include a brief narrative of the reduction in improper payments that is attributable to the Do Not Pay Initiative for Railroad Medicare and associated systems.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 11**

The Office of Programs should identify, publish, and provide a justification for Railroad Medicare uncollectible amounts.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 15**

We recommend that the Office of Programs adopt the Office of Management and Budget's recommended best practice and describe statutory or regulatory barriers in the fiscal year 2019 Performance and Accountability Report. The finding related to this recommendation stated that "RRB did not describe statutory barriers that could limit corrective actions for RM [Railroad Medicare]."

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 16**

Update applicable performance appraisals with specific criteria for meeting applicable improper payment reduction targets and establish and maintain sufficient internal controls to reduce improper payments in accordance with Office of Management and Budget Circular A-136. The finding related to this recommendation stated that "RRB has no specific performance appraisal criteria for its employees to reduce improper payments for the RM [Railroad Medicare] program."

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 17**

Develop and implement an internal control process (e.g. a checklist) to ensure all updates to Appendix C and Office of Management and Budget Circular A-136 relating to improper payments are sufficiently addressed for payment integrity reporting.

**Response**

We non-concur. The Office of Programs maintains ongoing awareness of potential changes to Appendix C and Circular A-136 relating to improper payments by reading drafts and providing comments (as needed) directly to OMB. In addition, we participate in the OMB's Town Hall meetings which specifically address changes to these Circulars. Lastly, final versions of Appendix C and Circular A-136 are disseminated to Programs' staff.

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**Recommendation 18**

We recommend Office of Programs work with Centers for Medicare & Medicaid Services to meet the needs of Railroad Retirement Board's payment integrity reporting. If the Railroad Retirement Board is not able to obtain claims data that coincides with the fiscal year being reported, get Office of Management and Budget's approval for the delayed reporting timeframe.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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**Recommendation 19**

We recommend that the Office of Programs and the Office of Administration work together to update the Memorandum of Understanding (MOU13-61) dated April 12, 2013 to ensure it reflects the applicable agency responsibilities as they pertain to improper payment reporting sampling and estimation plans.

**Response**

We non-concur. Effective with FY 2019 the RRB will no longer report on Medicare improper payments in the PAR. The RRB reporting Medicare improper payment data is redundant to Medicare improper payment reporting completed by HHS. Therefore, the RRB obtained Board approval to cease reporting Medicare improper payment data prospectively.

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## APPENDIX II: MANAGEMENT COMMENTS



UNITED STATES GOVERNMENT  
*MEMORANDUM*

FORM G-115f (1-92)  
RAILROAD RETIREMENT BOARD

May 23, 2019

**TO :** Debra Stringfellow-Wheat  
Deputy Assistant Inspector General for Audit

**FROM :** Shawna R. Weekley  
Chief Financial Officer

SHAWNA  
WEEKLEY

**SUBJECT:** Management Response – Draft Report on the “Audit of Railroad Retirement Board’s Compliance with Improper Payments Elimination and Recovery Act in Fiscal Year 2018 Performance and Accountability Report.”

Our responses related to the recommendations directed to the Bureau of Fiscal Operations are as follows:

**Recommendation 12:** Provide justification for Railroad Retirement Act and Railroad Unemployment Insurance Act uncollectible amounts;

**Management Response:** Concur. Estimated completion date November 30, 2019.

**Recommendation 13:** Develop a payment recapture audit program for vendor and employee payments, or approved alternative method, if one is deemed cost effective; and

**Management Response:** Concur. Estimated completion date November 30, 2019.

**Recommendation 14:** If a payment recapture audit program is deemed not cost effective, provide a cost benefit analysis, in accordance with the Office of Management and Budget’s best practices as outlined in Appendix C, in writing to Office of Management and Budget and the Office of Inspector General, and include it in the fiscal year 2019 Performance and Accountability Report.

**Management Response:** Concur. Estimated completion date November 30, 2019.

### APPENDIX III: PREVIOUS OFFICE OF INSPECTOR GENERAL OPEN AUDIT RECOMMENDATIONS FOR IMPROPER PAYMENT REPORTING

<b>Railroad Retirement Board Office of Inspector General Audit Reports</b>		
<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
15-06	Take all of the necessary steps to prepare and submit the required plans within the 90 day reporting requirement. (Recommendation 1)	Open
15-06	Ensure that the necessary policies and procedures are developed and documented for the agency's use for the preparation of a risk assessment process that meets Improper Payments Elimination and Recovery Act requirements. (Recommendation 2)	Open
15-06	Revise and document their definitions of improper underpayments for the Railroad Retirement Act program in compliance with Improper Payments Elimination and Recovery Act guidance, and if similar definitions are used for other programs, revise them accordingly. (Recommendation 6)	Open
15-06	Develop and document the necessary policies and procedures for the review and validation of the Railroad Unemployment Insurance Act improper payment data to be reported in the Performance and Accountability Report. (Recommendation 9)	Open  No corrective action taken due to disagreement between agency and Office of Inspector General auditors that this recommendation should be directed to another organization with the agency.
15-06	Ensure that the proper controls are in place to make sure that the policies and procedures are followed to properly support the improper payment data reported for the Railroad Unemployment Insurance Act program. (Recommendation 10)	Open  No corrective action taken due to disagreement between agency and Office of Inspector General auditors that this recommendation should be directed to another organization with the agency.



<b>Railroad Retirement Board Office of Inspector General Audit Reports</b>		
<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
16-07	Revise its overall process for the Railroad Retirement Act program that supports improper payment reporting requirements to ensure the accuracy of the data. (Recommendation 1)	Open  Agency did not concur. Office of Inspector General auditors believe that this recommendation should still be implemented.
16-07	Document policies and procedures to ensure that entire receivable balances are recorded in the agency's receivable systems. (Recommendation 2)	Open
16-07	Revise its definitions of improper underpayments in the methodology used for the Railroad Unemployment Insurance Act program to ensure that it is in compliance with Improper Payments Elimination and Recovery Act guidance. (Recommendation 3)	Open  Agency did not concur. Office of Inspector General auditors believe that this recommendation should still be implemented.
17-05	Take the actions as required by Office of Management and Budget guidance in regard to noncompliance for third consecutive year for the same program to ensure that RRB programs for vendor payments and employee payments are brought into compliance. (Recommendation 1)	Open  Agency did not concur. Office of Inspector General auditors believe that this recommendation should still be implemented.
17-05	Revise its computation for application of improper payment percentages for the Railroad Retirement Act program associated with initial and post underpayments to ensure that they are separately applied to the applicable components in Railroad Retirement Board calculations of the total improper payments. (Recommendation 2)	Open  Agency did not concur. Office of Inspector General auditors believe that this recommendation should still be implemented.
18-05	Strengthen the Railroad Retirement Act program quality assurance preparation and review process to ensure the accuracy of reported improper payment data. (Recommendation 1)	Open
18-05	Identify and post all existing unposted returned payments. (Recommendation 2)	Open
18-05	Identify the cause for unposted returned payments and take the necessary corrective actions to ensure the accuracy of future reported recaptured amounts. (Recommendation 3)	Open

## **APPENDIX IV: ABBREVIATIONS**

AFR	Agency Financial Report
Appendix C	Appendix C to OMB Circular A-123, Requirements for Payment integrity Improvement, OMB M 18 20
CERT	Comprehensive Error Rate Testing
CFO	Chief Financial Officer
CMS	Centers for Medicare and Medicaid Services
DNP	Do Not Pay Initiative
ERM	Enterprise Risk Management
HHS	U.S. Department of Health and Human Services
IPERA	Improper Payments Elimination and Recovery Act of 2010
LEIE	List of Excluded Individuals and Entities
MOU	Memorandum of Understanding
OIG	Office of Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
RM	Railroad Medicare
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act
SMAC	Specialty Medicare Administrative Contractor