

For: State and County Offices

**Risk Management Agency (RMA)/Farm Service Agency (FSA)
Plans for Implementing the Agricultural Risk Protection Act 2000 (ARPA)**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Purpose

This notice:

- informs States and counties of the charges given RMA and FSA by ARPA
- notifies States and counties of the joint FSA/RMA preliminary plans for implementing the provisions of ARPA
- requests that States establish and submit names of designated points of contact (POC's) for implementing the plans
- inform States and counties that a new handbook will be issued to provide information and procedure for implementation.

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<p>Disposal Date</p> <p>January 1, 2002</p>	<p>Distribution</p> <p>All FSA and RMA Offices; State Offices relay to County Offices</p>
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1 Overview (Continued)

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Background

ARPA, passed by the 2000 Congress, requires that RMA and FSA work together to improve program compliance and the integrity of the Federal Crop Insurance Program.

ARPA requires the development of a coordinated plan by RMA and FSA for implementing the goals of ARPA through the use of FSA's field infrastructure. ARPA can be found at www.senate.gov/~agriculture/Briefs/crop-ins.pdf, Section 121, Improving Program Compliance and Integrity.

Teams were created to address the 5 specific provisions of ARPA. The following National Work Teams composed of representatives from RMA and FSA have been working closely together to develop an implementation plan:

- State Committee Consultation Team
- Claims Audit Team
- Referrals and Investigation Team
- Data Reconciliation Team
- Training Team.

Each team developed a plan for implementing their portion of ARPA. Each plan identified a State Office POC to:

- control and track the flow of paper, electronic referrals, or information requests
- oversee the quality and quantity of county work
- serve as a liaison between County Offices and RMA Regional Offices (RO) and Regional Compliance Offices (RCO).

The teams are currently establishing procedures and developing appropriate forms to refine the plan. A handbook will be issued with procedures and training will be provided to implement the goals of ARPA within the next several months.

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2 State Committee (STC) Consultation

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Consultation Team Plan

A consultation process will enable RMA and FSA to share program information. This process will also allow RMA to inform FSA of updates, existing and new programs, and program expansions. FSA will have the opportunity to review and make recommendations on policies, plans of insurance, and materials related to these policies or plans of insurance.

A national RMA/FSA Consultation Work Team will address nationwide program issues. Issues impacting multiple regions will require ongoing communication between FSA State Offices, RMA National Office (Compliance and Insurance Services), RMA Kansas City (System Analysis and Research/Development), and FSA National Office.

RMA RO's and FSA State Offices shall consult at the State level.

Based on RMA initiatives, RO's and FSA State Offices shall meet to develop an Annual Work Plan to discuss program changes and establish priorities, outline expectations, and evaluate the prior year's activities.

POC's shall develop a tracking method to maintain the records of the consultation processes. RO's and State POC's shall, at a minimum, meet annually.

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FSA State Office POC Responsibilities

FSA's State Office POC's are responsible for:

- conducting a cursory review of the information provided by RMA
 - presenting RMA-provided information to STC and coordinating feedback from STC to RMA
 - providing written justification and supporting documentation to RMA for identified concerns
 - providing a written response to RMA, if no concerns are noted
 - submitting independently identified concerns to RMA, through STC, with justification.
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2 State Committee (STC) Consultation (Continued)

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RMA RO or RCO

Responsibilities

RMA RO's or RCO's are responsible for:

- sending information for review to FSA State Office POC with critical deadlines
 - submitting issues for evaluation with supporting documentation and deadlines for completing the evaluations
 - evaluating FSA findings and recommendations, and informing FSA of the status and actions of these recommendations.
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3 RMA and FSA Data Reconciliation

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Data Reconciliation

RMA and FSA shall coordinate and reconcile all relevant information received by RMA (from an insurance provider) or FSA (from a producer who obtains crop insurance coverage), to identify and address any discrepancies.

ARPA requires that producer data be reconciled, at minimum, on an annual basis beginning with the 2001 crop year. Therefore, RMA and FSA data in areas of identification numbers, acreage, shares, and production must be made available. Short term goals focus on reconciling those crops with similar collection attributes by both agencies. Other short term project objectives include identifying:

- information to be reconciled
- additional elements for future years
- essential modifications.

Long term goals include expansion of crops beyond the initial price support crops to include all insurable crops.

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Approach to Comparison of Files

Plans are being made to address how the reconciliation process will be managed. States and counties will be advised of how to handle corrections or use the reconciliation process at the State and/or county level.

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3 RMA and FSA Data Reconciliation (Continued)

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FSA State Office POC Responsibilities

State Office POC responsibilities have not been fully defined in this process. However, it is expected that POC in each State will assist in the tracking, monitoring, and reconciling of data that is disputed or cannot otherwise be electronically reconciled.

4 Referrals and Investigations

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Referrals and Investigations Plan

FSA County Offices now have the authority and responsibility to keep an active watch for potential fraud, waste, and abuse of the crop insurance program. RMA also has the authority to request assistance from FSA in monitoring the crop insurance program. County Offices shall document observations and gather the evidence necessary to validate concerns. There are 2 basic types of referrals:

- RMA to FSA
- FSA to RMA.

At the request of RMA or on its own initiative, FSA may conduct fact finding relative to allegations of program fraud, waste, or abuse as provided in subparagraph D.

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RMA Referrals

The types of RMA referrals to FSA include:

- reviews of high risk policy holders provided by RMA to determine whether areas with known or suspected vulnerabilities are susceptible to fraud, waste, abuse, or mismanagement
 - complaints received by RMA, which need additional information to establish the credibility of the complaint.
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FSA Referrals

Types of FSA referrals to RMA include:

- complaints received in the County Office by telephone, letters, in-person, etc.
 - observations made by State or County Office employees or STC or County Committee members.
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4 Referrals and Investigations (Continued)

D

**FSA State Office
POC
Responsibilities**

State Office POC or alternate shall:

- serve as the liaison between the County Office and RMA RCO, maintaining communications with POC's
- coordinate scheduling of requests with RMA POC
- conduct a cursory review of the request provided by RMA POC
- forward target lists and referrals received from RMA, to the applicable County Office within the specified time frame
- ensure that referrals from the County Office are complete and that all necessary documentation is provided
- provide RCO with supporting documentation including any written justification as appropriate to address identified concerns
- provide RCO written responses citing no concerns identified when appropriate
- notify the County Office that any referral determined to be unwarranted will not be forwarded to RCO
- make initial determination for FSA to conduct its own investigation or refer case to Office of Inspector General, subject to State Executive Director approval, when RCO fails to timely respond, or declines to proceed with an investigation
- assign a tracking number to the recommendation if initiated by the State or County Office
- document and forward recommendations to RMA.

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4 Referrals and Investigations (Continued)

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RMA RCO
Responsibilities**

RMA RCO shall:

- coordinate all referral activities and requests for inquiries through the State Office POC
 - develop and provide to FSA, target lists for annual reviews
 - submit referral form involving individual complaints of fraud, waste, or abuse to County Office through State Office POC
 - review all referrals received from County Office and determine whether further investigation is warranted
 - evaluate the appropriateness of actions taken by the insurance provider relative to the referred case
 - respond to the State Office POC within the specified time frame for each case referred by a County Office
 - upon conclusion of the review process, provide a written summary of the review results to the State Office POC.
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5 Claims Audit

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Claims Audit
Plan

Under ARPA, FSA is charged with assisting RMA and insurance providers in auditing a statistically appropriate number of claims made under any policy or plan of insurance.

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Claims Auditing
Process

Following is a brief description of the claims audit process.

Date	Agency/Provider
January	RMA RCO selects a statistical sample of closed claims that warrant a claims review by the insurance provider. This list is also provided to the FSA State Office POC.
February to May	Insurance provider conducts reviews. Provider may request information from FSA to assist in the evaluation process and verification. This is limited to information that resides in the County Office. The provider requests the information through the State Office POC.
June through August	RMA RCO audits insurance provider reviews. RMA will have access to FSA's acreage report database and other databases that may exist to assist in its evaluation and verification process. In addition, RMA may request additional information from the County Office through the State Office POC.

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5 Claims Audit (Continued)

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**FSA State Office
POC**

Responsibilities

State Office POC or alternate shall:

- serve as the liaison between the County Office and approved insurance providers and RCO requesting documents and information
 - log the receipt of the information request form, MPCI/FCIC Quality Review Request, received from the approved insurance provider and/or RCO requesting information or documents
 - forward all appropriate information request forms to the applicable County Office
 - monitor County Office response time in providing the requested information within 7 workdays from the date the County Office received the request
 - notify approved insurance providers or RCO when workload constraints prevent an FSA County Office from processing the information request forms timely.
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RMA RCO

Responsibilities

RCO shall:

- audit the insurance providers completed reviews
 - when needed, verify information and documents the insurance provider received from a County Office
 - contact the State Office POC to request County Office information documents for these reviews.
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6 Training

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Training Plan

The training team has developed the following training curriculum.

- **Loss Adjustment Training** (with comprehensive test) provided for at least 1 person per State Office (POC), 1 person per County Office, and all District Directors. The training will meet the requirements as outlined in RMA's Manual 14 and will be conducted over a period of time with priority given to predominate insurance programs within a State or county.
- **Field Loss Adjustment Training** provided during the program/crop growing season to FSA personnel receiving the loss adjustment classroom training.
- **Compliance and Oversight Training** to include procedural instruction on:
 - Crop Insurance Overview
 - Manual 14 and Standard Reinsurance Agreement
 - Administrative processes/Sanctions
 - RMA compliance overview
 - Rules of Evidence/fraud indicators
 - Criminal/civil processes
 - Appeals/reconsideration
 - STC consultation/Referrals and Investigations/Claims Audits.

Training information will be provided in a separate notice.

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6 Training (Continued)

B

FSA State Office POC

State Office POC's shall:

Responsibilities

- attend all applicable training sessions
 - assist in training County Office employees
 - conduct update training in future years for county-level staff
 - document all training, including purpose, sites, dates, attendees, and trainers.
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RMA RCO's and RO's

RMA RCO's and RO's shall:

Responsibilities

- develop training course and serve as primary trainers for compliance and oversight procedures and loss adjustment classroom training in respective areas
 - provide update training for State Office POC's after the initial training in respective areas.
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7 State Office Action

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Designating State Office POC

Each FSA State Office shall establish a POC and an alternate who shall be responsible for POC responsibilities in this notice. The State Office POC shall:

- serve as the primary contact for all functions associated with implementing ARPA within their State
 - be responsible for maintaining the lines of communication between RMA and FSA at the Regional and State levels.
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Submitting Names of POC's and Alternates

Each State Office shall FAX the names of POC and alternate by **COB March 9, 2001**, to FRANCES G. WILLIAMS, PECD, at 202-720-4941.
