

For: State and County Offices

Dairy Margin Coverage (DMC) 2019 Premium Balance Due Letter

Approved: Deputy Administrator, Farm Programs



1 Overview

A Background

A participating dairy operation that elects margin protection coverage above the CAT level coverage is required to pay a premium fee. According to 1-DMC, subparagraph 62 A, premiums are due September 20 for calendar year 2019 for participating dairy operations that elected buy-up coverage. Notice DMC-14 extended the 2019 coverage election period and premium due date to **September 27, 2019**.

Note: Additionally, the MPP-Dairy premium repayment elections made on CCC-785 can be accepted through COB September 27, 2019.

A dairy operation with an outstanding premium balance **must** be notified of the outstanding amount due. Additional time has been allotted to notify applicable dairy operations and pay their outstanding premium balance.

The premium balance notification letters will allow producers with a premium balance to remit payment to the County FSA Office within 30 calendar days from receipt of the notification letter (Exhibit 1).

B Purpose

This notice informs State and County Offices of the following:

- the communication method to notify participating dairy operations with buy-up coverage of their 2019 premium balance due
- when receivables for outstanding 2019 premium balances must be established.

Disposal Date	Distribution
December 1, 2019	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contacts

If there are questions about this notice, State Offices will contact either of the following according to this table.

Name	Telephone	E-mail
Doug Kilgore	202-720-9011	douglas.e.kilgore@usda.gov
Angela Payton	202-720-0482	angela.payton@usda.gov

2 DMC 2019 Premium Balances Notifications

A 2019 Outstanding Premium Balances Due Notification Letters

At the end of the coverage election period, the National Office will provide an Excel spreadsheet to the State Offices for County Offices to mail out the 2019 premium balance due letters (Exhibit 1). The outstanding premium balance due letters are to be mailed out no later than **October 11, 2019**, to applicable dairy operations except for those with manual contracts that require further processing and review. The Excel spreadsheet will show all dairy operations that have not paid their premiums; therefore, County Offices must review the provided Excel spreadsheet and send the premium due letter only to dairy operations with approved DMC contracts that are complete, indemnity payments have been made, and no modifications to the contract is needed because of successions and dissolutions.

A word version of the letter template (Exhibit 1) may be accessed by the State Office DMC Specialist from the DAFP DMC SharePoint website at <https://sharepoint.fsa.usda.net/mgr/dafp/psd/policy/Dairy%20Margin%20Coverage%20DMC/Forms/AllItems.aspx>.

State Offices will disseminate the letter template to County Offices.

Note: It is the responsibility of the County Office to review the Excel spreadsheet for accuracy, immediately send the premium due letter to those dairy operations with premiums due that are without issue, and send the letter to operations with manual contracts, once the contract is active in the system.

B Manual DMC Contract Notifications

County Offices with manual contracts that require a production history modification in the DMC production history software for reasons including successions, mergers, and intergenerational transfers must mail premium due letters after the modification is entered and the contract software is processing applicable indemnity payments. Additionally, any contract that cannot be processed because of software limitations or other issues from the preceding DMC sign-up should not receive a premium due letter until the issue has been resolved. In these circumstances, the dairy operation will have 30 days to pay the premium fee from when the letter is mailed.

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2 DMC 2019 Premium Balances Notifications (Continued)

C 2019 DMC Contracts

State Offices **must** ensure that every effort is made by County Offices to get all 2019 contracts that can be processed in the software, including those in producer certified and initiated status, to either an approved or disapproved status, as appropriate. Appropriate approval or disapproval action must also be taken on manual contracts by September 30, unless there are extenuating circumstances. If there are extenuating circumstances, it must be noted in the remarks section on CCC-801. Contracts not approved by September 30, 2019, will be subject to a different sequestration rate regardless of the reasons for not approving by September 30, 2019.

D Impact of 2019 Premium Balances in Arrears

Failure to pay the applicable 2019 premium fees by COB on the 31st day from the date of the notification letters will result in the following:

- establishment of a receivable for the amount due, except for cases still pending on the DMC SharePoint website or at the National Office under review
- offset of any forthcoming payments.

Note: Additional guidance will be forthcoming to establish the manual receivable.

For 2019 only, dairy operations will remain eligible to enroll for coverage year 2020 even if their DMC premium balance is in arrears.

3 Action

A State Office Action

State Offices will ensure that County Offices:

- are immediately informed of the contents of this notice
- direct questions about DMC program policy and procedures to the National Office according to subparagraph 1 C.

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3 Action (Continued)


B County Office Action

County Offices must:

- notify dairy operation with an outstanding premium balance due by October 11, 2019, according to subparagraph 2 A
- enter all contracts that can be processed in the automated software by COB September 30, 2019
- take appropriate action to approve or disapprove all manual 2019 DMC contracts by COB September 30, 2019.

Outstanding 2019 Premium Balance due Notification Letter

The following is an example of the reminder letter to notify dairy operations of the 2019 premium balance due.



United States Department of Agriculture

Farm
Production and
Conservation

Farm Service
Agency

Farm Programs

1400 Independence
Ave, SW
Stop 0512
Washington, DC
20250-0512

Voice: 202-720-7901

(Date)

*(Producer
Address
City, State Zip)*

Dear *(Producer)*,

According to the Farm Service Agency (FSA) records, your dairy operation registered for coverage under the 2019 Dairy Margin Coverage program and selected buy-up coverage. This is a letter to notify you that you have an outstanding premium of \$(Dollar Amount).

Payments must be paid in full within **30 calendar days after you receive this notice**. You will remain legally obligated to pay the premium coverage for this coverage year. Please note that failure to pay your DMC obligation may affect your eligibility for participation in the DMC program for subsequent coverage years.

Please submit payment through the *(County Office)* County FSA office. If payment has already been submitted, please disregard this notice. If you believe you received this notice in error or believe that your premium obligation has been resolved, please contact your County Office to be sure. For more information or if you have any questions regarding the premium balance due, please contact this office at *(County Office Address)* or telephone at *(Telephone Number)*

Sincerely,

County Executive Director

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