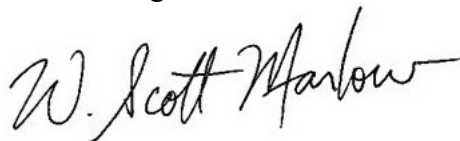


For: State and County Offices

Dairy Margin Coverage (DMC) 2022 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 on September 1 for calendar year 2022 for participating dairy operations with an outstanding premium due. A dairy operation that fails to pay premiums due including supplemental premiums remains legally obligated to pay such premium. County Offices must notify dairy operations with an outstanding premium balance of the due date and the outstanding amount due.

Compared to prior years, the 2022 DMC margin rates are well above the \$9.50 coverage level and payments have not triggered. Dairy operations that elected the premium payment election option to reduce DMC payments to pay outstanding premium fees saw no benefit from that option for 2022. Consequently, approximately 80 percent of 2022 DMC premiums are not paid to date.

The premium balance due letter reminds producers of unpaid DMC and SDMC 2022 premium balances and the September 1, 2022, deadline.

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 2022 premium balance due
- how to identify dairy operations with outstanding 2022 premium balances.

Disposal Date	Distribution
November 1, 2022	State Offices; State Offices relay to County Offices

2 DMC 2022 Premium Balances

A Identifying Dairy Operations With 2022 DMC Premium Balances

County Offices will identify dairy operations with premium balances and send a reminder letter (Exhibit 1) of the September 1, 2022, deadline.

The National Office has provided a report for County Offices to review unpaid premium balances for DMC and SDMC if applicable. The report provides the following unpaid premium information by referenced column for dairy operation and can be used for a mail merge if the County Office chooses to automate the mailing:

- Dairy operation name
- Dairy operation address
- Dairy operation number
- Regular Premium Due (T) = Premium Amount Due (O) minus Premium Paid Amount(P)
- Supplemental Premium Due (U) = Supplemental Premium Due (Q) minus Supplemental Premium Paid (R)
- Total Premium Due (V) = Regular Premium Due (T) plus Supplemental Premium Due (U) minus Credit Amount (S).

An EXCEL report may be accessed by the State Office DMC specialist from the DAFP DMC SharePoint site at

<https://sharepoint.fsa.usda.net/mgr/dafp/psd/policy/Dairy%20Margin%20Coverage%20DMC/Forms/AllItems.aspx>. State Offices shall disseminate the report to County Offices.

Note: County Offices may review the “Approved Contracts with Premium Balances Due” on the FSA Enterprise Data Warehouse page, however supplemental DMC premiums are not included in EDW.

B 2022 Outstanding Premium Balances Due Notification Letters

The County Office is responsible for reviewing the EXCEL report for accuracy and immediately sending the premium due letter by August 15, 2022, to dairy operations with outstanding premiums due.

A word version of the letter template (Exhibit 1) may be accessed by the State Office DMC specialist from the DAFP DMC SharePoint site at

<https://sharepoint.fsa.usda.net/mgr/dafp/psd/policy/Dairy%20Margin%20Coverage%20DMC/Forms/AllItems.aspx>. State Offices shall disseminate the letter template to County Offices.

Note: For dairy operations involved in bankruptcy, consult with your State’s regional attorney before sending notification to the dairy operation.

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2 DMC 2022 Premium Balances (Continued)

C Billing Service Implementation and Automated Receivable Establishment

Information is forthcoming in another notice on the implementation of the billing service and the automated receivable establishment for unpaid 2022 DMC premiums.

D 2022 DMC Lock-in Contracts Not Enrolled

Dairy operations with lock-in contracts not enrolled for 2022 will not be included in the EXCEL report. It is recommended the premium due reminder letter be revised for dairy operations with lock-in contracts not enrolled for 2022. County Offices will review their lock-in contracts to determine contracts not enrolled for 2022 DMC.

County Offices with lock-in contracts not enrolled will revise the letter and add the following sentences at the end of the 3rd paragraph in the letter. "In addition to your unpaid DMC premiums, you must enroll in 2022 DMC, certify to commercially marketing milk, and pay the \$100 administrative fee. Contact your County Office to enroll for 2022 DMC."

E Small DMC Premium Balances of \$10 or Less

County Offices will not send letters to dairy operations with \$10 or less of total unpaid premium balances.

Reminder: DMC premium balances of less than \$25 will be sent to NRRS automatically and should not be written off until the final 2022 DMC margin is published.

F \$100 DMC Premiums Collected, Negative Balances

According to the unpaid DMC premiums report, a number of producers have paid \$100 in DMC premiums. County Offices with \$100 collected in premiums should double check the payment information and determine if the collection was recorded correctly. If the \$100 payment was collected for the administrative fee, the County Office should correct the payment code.

County Offices should review the EDW report and correct any negative DMC premium balances.

3 Action

A State Office Action

State Offices shall 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

B County Office Action

County Offices will forward questions about the contents of the notice to the State Office DMC specialist.

2022 Premium Balance due Notification Letter

The following is an example of the reminder letter to notify dairy operations of the 2022 premium balance due.



Farm
Production
and
Conservation

Farm
Service
Agency

Price Support Division
Room Number 4099
1400 Independence Ave. SW
Washington, DC 20250-7901

(Date)

(Dairy Operation Number)

(Producer
Address
City, State Zip)

Dear (Producer),

According to the Farm Service Agency (FSA) records, your dairy operation registered for coverage under the 2022 Dairy Margin Coverage program and selected buy-up coverage. This is a letter to notify you that you have an outstanding premium for DMC and SDMC if applicable.

Balance due on Regular DMC premium: (Dollar Amount)

Balance due on Supplemental DMC premium: (Dollar Amount)

Sum of DMC and SDMC premium balance minus credit: (Dollar Amount)

A premium payment must be paid in full by September 1, 2022. You remain legally obligated to pay the premium coverage for this coverage year. Please note that failure to pay your DMC premium will stop future indemnity payments and may affect your eligibility for participation in the DMC program in future 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, please contact your County Office. For more information 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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