



U.S. RAILROAD RETIREMENT BOARD

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**OFFICE OF INSPECTOR GENERAL**

The Railroad Retirement Board  
Complied with the Payment  
Integrity Information Act of  
2019 for Fiscal Year 2023

Report No. 24-07

May 20, 2024



## **What HRK Found**

For fiscal year 2023, Harper, Rains, Knight & Company, P.A. (HRK) determined that the Railroad Retirement Board (RRB) complied with the Payment Integrity Information Act of 2019 (PIIA) because it satisfied all of the 10 payment integrity reporting requirements. They further determined the agency's payment integrity reporting was complete and accurate. Risk assessments were required for the Railroad Retirement Act benefit payment program, vendor pay program, and employee pay program and were reviewed during this audit.

As reported in our previous audit report number 23-04, RRB was no longer responsible for reporting payment integrity information for Railroad Medicare because of a written agreement between the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) and the RRB. As per the agreement, CMS will calculate and report Railroad Medicare program payment integrity data. However, HRK identified continued transparency issues with the Railroad Medicare program, continued concerns about CMS' deficient sampling and estimation plans for Railroad Medicare improper payment data, and noncompliance with audit follow-up responsibilities, which were previously reported in our audit reports.

## **What HRK Recommended**

HRK did not make any new recommendations in this report. RRB continues to nonconcur with the RRB Office of Inspector General's (OIG) previous findings related to Railroad Medicare and did not implement corrective actions during fiscal year 2023. As of March 2024, there were over 50 open audit recommendations regarding Railroad Medicare payment integrity reporting.

## **What We Did**

RRB OIG engaged HRK to conduct a performance audit of RRB's compliance with PIIA. During fiscal year 2023, the RRB paid almost \$14 billion in benefits to the railroad community and through its Specialty Medicare Administrative Contractor paid approximately \$938 million for about 7.9 million Railroad Medicare Part B claims.

This audit was conducted in accordance with generally accepted government auditing standards. HRK is responsible for the audit report and the conclusions expressed therein. RRB OIG does not express any assurance on the conclusions presented in HRK's audit report.

The overall mandated objectives were to evaluate the RRB's compliance with PIIA. For details on the five audit objectives, see the Objectives section in HRK's audit report.

The scope of the audit was payment integrity reporting in RRB's fiscal year 2023 Performance and Accountability Report and accompanying materials.



U.S. RAILROAD RETIREMENT BOARD  
PERFORMANCE AUDIT OVER COMPLIANCE WITH THE  
PAYMENT INTEGRITY INFORMATION ACT  
FOR THE FISCAL YEAR 2023

THE RAILROAD RETIREMENT BOARD COMPLIED  
WITH THE PAYMENT INTEGRITY INFORMATION ACT  
FOR FISCAL YEAR 2023

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**INDEPENDENT AUDITORS' PERFORMANCE AUDIT REPORT  
OF THE U.S. RAILROAD RETIREMENT BOARD'S COMPLIANCE WITH THE  
PAYMENT INTEGRITY INFORMATION ACT FOR FISCAL YEAR 2023**

Acting Inspector General  
U.S. Railroad Retirement Board  
Chicago, IL

We were contracted by the U.S. Railroad Retirement Board (RRB), Office of Inspector General (OIG), to conduct a performance audit of the Railroad Retirement Board's Compliance with the Payment Integrity Information Act (PIIA) of 2019 for fiscal year 2023.

Our performance audit objectives were to (1) determine whether the RRB complied with the PIIA for fiscal year 2023, (2) evaluate the accuracy of the RRB risk assessments and improper payment estimates methodology, (3) evaluate whether the RRB has correctly identified the causes of improper payments and whether the actions of the RRB to address those causes are adequate and effective, (4) evaluate the adequacy of RRB action plans on how to address the causes of improper payments, and (5) evaluate RRB's efforts to prevent, reduce, and recover improper payments.

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 concluded that the RRB complied with the Payment Integrity Information Act of 2019 because it satisfied all 10 payment integrity reporting requirements. We did not identify any new, reportable issues for fiscal year 2023. RRB Management continues to nonconcur with the RRB OIG's previous findings related to Railroad Medicare and did not implement corrective actions during fiscal year 2023. We did not review Railroad Medicare compliance for the reasons explained in the report sections below.

This report is for the purpose of concluding on the audit objectives described above. Accordingly, this report is not suitable for any other purpose. We appreciate the cooperation and courtesies that RRB personnel extended to us during the execution of this performance audit.

*Harper, Rains, Knight & Company, P.A.*

May 15, 2024  
Washington, D.C.

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## Introduction

This report presents the results of HRK & Company's (HRK) performance audit of the Railroad Retirement Board's (RRB) Compliance with the Payment Integrity Information Act (PIIA) of 2019 for fiscal year 2023<sup>1</sup>. Section 3353 of PIIA requires the inspector general of each executive agency to determine whether the executive agency is in compliance with PIIA and submit a report on the determination.

## Objectives, Scope, and Methodology

### Objectives

The mandated objectives of this audit were to (1) determine whether the RRB complied with the PIIA for fiscal year 2023, (2) evaluate the accuracy of the RRB risk assessments and improper payment (IP) estimates methodology, (3) evaluate whether the RRB has correctly identified the causes of improper payments and whether the action of the RRB to address those causes are adequate and effective, (4) evaluate the adequacy of RRB action plans on how to address the causes of improper payments, and (5) evaluate RRB's efforts to prevent, reduce, and recover improper payments.

### Scope

The scope of this audit was the information published in the RRB's Payment Integrity Section of its fiscal year 2023 Performance and Accountability Report (PAR), and accompanying materials.

### Methodology

To accomplish the audit objectives, we:

- assessed whether the RRB was in compliance with the PIIA,
- assessed the accuracy and completeness of agency reporting,
- evaluated the accuracy of the agency's risk assessments and their improper payment estimates methodology,
- identified criteria from the law as well as Office of Management and Budget (OMB) governmentwide guidance,
- identified and reviewed internal guidance, policies and procedures for payment integrity reporting in RRB's PAR,
- reviewed the payment integrity section of RRB's PAR as provided in the fiscal year 2023, accompanying materials, and the OMB annual data call,
- requested and reviewed applicable source data and documentation from the agency to verify the support for the information and in the PAR and data call,

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<sup>1</sup> Pub. L. No 116-117, 134 Stat. 113, enacted March 2, 2022, codified at §31 U.S.C. 3353(a)(1).

- evaluated whether RRB correctly identified the causes of improper payments and whether their actions addressed those causes adequately and effectively,
- evaluated the adequacy of RRB's action plans in addressing the causes of its improper payments,
- evaluated RRB's efforts in preventing, reducing, and recovering improper payments,
- interviewed RRB officials and agency staff in the Program Evaluation and Management Service (PEMS) and Bureau of Fiscal Operations (BFO),
- determined if Railroad Medicare's improper payment estimate had been reported in the appropriate Department of Health and Human Services (HHS) and/or Centers for Medicare and Medicaid Services (CMS) Agency Financial Report (AFR),
- reviewed appropriate CMS documentation, and
- reviewed agency documentation.

We assessed the data reliability of the RRB's risk assessments and payment recapture data, appropriate to the use of the data by: (1) tracing payment integrity totals reported in the PAR and accompanying materials to source documents, (2) reviewing the underlying spreadsheet formulas supporting the source data calculations, and (3) considering the overall risk of the RRB's systems that provided the source data. We determined that the data were sufficiently reliable for the purpose of responding to our objectives. In addition, we determined that reliability of data would not materially affect our findings, conclusions, or recommendations.

Our review of internal controls was limited to those necessary to address the objectives and scope of the audit. We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 conducted our fieldwork remotely with RRB personnel based in Chicago, Illinois from December 2023 through March 2024.

## **Criteria**

We used the following to perform the audit:

- GAO *Government Auditing Standards*, 2018 Revision Technical Update April 2021:
  - Chapter 8: Field Work Standards for Performance Audits;
  - Chapter 9: Reporting Standards for Performance Audits;
- Payment Integrity Information Act of 2019, Public Law No: 116-117, 134 STAT. 113 (03/02/2020);
- OMB Circular A-123, Appendix C *Requirements for Payment Integrity*, 03/05/2021;
- Council of Inspectors General on Integrity and Efficiency (CIGIE) *Guidance for Payment Integrity Information Act Compliance Reviews*, 10/19/2023.

## Background

The RRB is an independent executive branch agency of the Federal Government that administers retirement-survivor and unemployment-sickness insurance benefit programs for railroad workers and their families under the Railroad Retirement Act (RRA) and Railroad Unemployment Insurance Act (RUIA). The RRB paid \$13.9 billion in retirement and survivor benefits and \$54.7 million in unemployment and sickness insurance benefits during fiscal year 2023. The RRB also administers aspects of the Medicare Program (Railroad Medicare) under the Social Security Act<sup>2</sup>. The RRB, through its Specialty Medicare Administrative Contractor (SMAC), paid \$938 million for about 7.9 million Railroad Medicare Part B claims from October 1, 2022 through September 30, 2023.

OMB issued governmentwide guidance regarding reporting requirements based on improper payment legislation enacted to reduce improper payments. PIIA defines an improper payment as any payment that should not have been made or that was made in an incorrect amount (including an overpayment or underpayment) under a statutory, contractual, administrative, or other legally applicable requirement. An improper payment includes any payment to an ineligible recipient, and payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (excepted for such payments authorized by law), and any payment that does not account for credit in applicable discounts.

PIIA aims to improve efforts to identify and reduce governmentwide improper payments. Agencies must identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by OMB. Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136. The agency must also publish applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying materials are the payment integrity information published on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). Each agency Inspector General is to review payment integrity reporting for compliance and issue an annual report.

As directed by OMB and CIGIE, we conducted our fiscal year 2023 performance review using a combination of the requirements in OMB Circular A-123, Appendix C; OMB Circular A-136; GAO *Government Auditing Standards*, 2018 Revision; and CIGIE guidance required under PIIA.

OMB M-21-19<sup>3</sup> defined significant improper payments as “annual IPs and UPs (i.e., the sum of monetary loss IPs, non-monetary loss IPs, and UPs) 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 FY reported or (2) \$100,000,000 (regardless of the IP percentage of total program outlays).”

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<sup>2</sup> 42 U.S.C. §1395u (also known as Section 1842(g) of the Social Security Act.

<sup>3</sup> OMB Memorandum M-21-19, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, issued March 5, 2021.



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-21-19,

*[t]he [ERM] framework, introduced in OMB Circular A-123, can be used to assist in the identification and management of payment integrity risks for the agency. Ensuring the integrity of Federal payments is fundamental to the core mission for agencies. A significant risk in managing IP risk is the potential that agencies may make investments in risk controls that negatively affect program mission, efficiency, customer experience or the overall operations of the agency. Agency senior management is required to manage the payment integrity risk to an agency achieving its strategic, operations, reporting, or compliance objectives<sup>4</sup>.*

Part of an ERM model is the extended enterprise. According to OMB M-16-17<sup>5</sup>, the extended enterprise consists of interdependent relationships, parent-child relationships, and relationships external to an agency. Thus, no agency is self-contained, and risk drivers can arise out of organizations that extend beyond the enterprise. These relationships give rise to a need for assurance that risk is being managed in that relationship both appropriately and as planned.<sup>6</sup>

The risk environment is beyond the boundary of the extended enterprise. The environment generates risks that cannot be controlled, or constrained the way the organization is permitted to take on or address risk.

OMB guidance requires each agency's Inspector General to assess PIIA compliance and submit its final report within 180 days after the publication date for the agency's PAR and the accompanying materials.<sup>7</sup> Agencies that are noncompliant with PIIA 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 requires a review from OMB to determine if additional funding would help the agency become compliant.<sup>8</sup>

Within RRB, the Office of Programs compiles and reports payment integrity data for the annual PAR. For fiscal year 2023, the RRB was required to report on four programs: 1) RRA benefit payments, 2) RUIA benefit payments, 3) vendor payments, and 4) employee payments. RRB also administratively maintains the Railroad Medicare program. RRB was responsible for reporting payment integrity for the Railroad Medicare program through fiscal year 2022.

Railroad Medicare is a nationwide healthcare program for railroad workers administratively maintained by the RRB. Historically, the RRB reported the Railroad Medicare improper payment

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<sup>4</sup> OMB M-21-19, pg. 29.

<sup>5</sup> OMB Memorandum M-16-17, *OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control*, issued July 15, 2016.

<sup>6</sup> OMB M-16-17, pg. 14.

<sup>7</sup> OMB M-21-19, pg. 50.

<sup>8</sup> Pub. L. No. 116-117, 134 Stat. 114 (2020), codified at 31 U.S.C. §3351(4).

rate once in fiscal year 2018, then subsequently failed to report its Railroad Medicare improper payments because RRB management believed PIIA reporting was the responsibility of CMS and such reporting would result in duplicative reporting. However, RRB did not formalize a PIIA reporting agreement with CMS until the end of fiscal year 2022. During this period of PIIA noncompliance, RRB excluded the Railroad Medicare program from its improper payment reporting and did not exercise corrective action to implement PIIA recommendations related to Railroad Medicare. On August 31, 2022, the RRB and CMS entered into a Memorandum of Understanding (MOU) and CMS formally accepted responsibility for PIIA reporting.<sup>9</sup> However, by this time many years had passed, and the public taxpayers and railroad community had been misguided by the lack of payment integrity transparency. And while a reporting agreement had been reached between the two agencies, the critical issue of Railroad Medicare improper payment transparency had not been resolved or addressed.

### ***Railroad Medicare, Payment Integrity Reporting, and Improper Payment Data***

At the end of fiscal year 2023, more than 437,496 qualified railroad beneficiaries were enrolled in RRB's administered portion of Medicare Part B. During fiscal year 2023, RRB contracted with a SMAC and administered certain provisions of the Medicare Program.<sup>10</sup> These provisions included eligibility determination, enrollment or removal from enrollment, premium collection, processing state buy-ins, processing arrearages and refunds, liaison work with the SMAC, quality assurance and oversight of the SMAC, records maintenance, and answering inquiries. According to RRB, these costs for fiscal year 2023 were offset by approximately \$16.1 million in Railroad Medicare administrative expense reimbursements and \$27.6 million in transfers from CMS to fund the SMAC.<sup>11</sup> Due to an award challenge, the RRB Medicare SMAC is operating under a bridge contract, with a base period through 3/31/24, and one six-month option period from 4/1/24 through 10/31/24.

As such, CMS has paid RRB for these administrative services through an existing and ongoing cost reimbursement agreement. For fiscal year 2023, the total expenses of \$43.7 million covered both direct and indirect costs for RRB and RRB OIG and the costs of its SMAC contract to support the separate Railroad Medicare program.

With respect to the Railroad Medicare program, payment integrity reporting, and improper payment data, RRB maintained an extended enterprise relationship with CMS and the RRB's SMAC. At the time of this audit, the governing document between RRB, CMS, and the SMAC were the:

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<sup>9</sup> *Memorandum of Understanding Between the Department of Health and Human Services, Centers for Medicare & Medicaid Services and Railroad Retirement Board*, RRB MOU22-191 (Chicago, IL: August 31, 2022).

<sup>10</sup> As part of its administrative responsibilities, RRB selected a SMAC to process Railroad Medicare claims nationwide and administer the contract with the carrier. The contracting officer, contracting officer representative, and the contracting team are all RRB employees.

<sup>11</sup> The Centers for Medicare and Medicaid Services (CMS), a branch of the U.S. Department of Health and Human Services, the federal agency that administers the national Medicare program.

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- Interagency Agreement between HHS/CMS and RRB, dated April 19, 1991, signed by the Health Care Finance Administration's (now CMS) Director of Office of Budget and Administration on April 16, 1991, and by RRB's Chief Executive Officer on March 22, 1991;
- Addendum to the Interagency Agreement between HHS (CMS) and RRB, dated July 26, 2004, signed by CMS' Director of Office of Financial Management on July 23, 2004, and by RRB's Senior Executive Officer on July 30, 2004;
- MOU between CMS and RRB (MOU13-61), signed by CMS' Deputy Center Director of the Center for Medicare on April 11, 2013, and by RRB's Director of Administration and Senior Procurement Executive on April 12, 2013;
- RRB's SMAC contract – RRB12C011 and corresponding statement of work. The SMAC contract was signed by the SMAC President on November 26, 2012, and by RRB's Chief of Acquisition Management and Contracting Officer on November 27, 2012. The 10 year contract should have ended on December 31, 2022. Due to award challenges, the SMAC is operating under a bridge contract with the base period through 3/31/2024, and one six-month option period from 4/1/24 through 10/31/24; and
- MOU between CMS and RRB (MOU22-191), signed by CMS' Deputy Director, Center for Medicare on August 31, 2022, and by RRB's Chief of Acquisition Management on August 31, 2022.

The MOU signed August 31, 2022 documented CMS' acceptance of responsibility for reporting improper payment information for Railroad Medicare.

As part of an extended enterprise, CMS provided RRB with Railroad Medicare payment integrity information and data for the seventh year in a row, in time for fiscal year 2023 PAR reporting. The Railroad Medicare improper payment rate and estimates were determined through the CMS' Comprehensive Error Rate Testing (CERT) program. The most recent Railroad Medicare payment integrity information revealed a 9.7 percent improper payment rate. This did not exceed the national Part B improper payment rate of 10 percent. Neither RRB nor CMS were transparent with this data in either of their annual reports.

The Railroad Medicare issues are further discussed in this report, in the sections titled *Railroad Medicare Improper Payment Information was not Transparent in HHS' Fiscal Year 2023 Agency Financial Report*, *Concerns About the Sampling and Estimation Plans for Railroad Medicare*, and *Audit Follow-up for Railroad Medicare Payment Integrity Recommendations*.

## Results of Audit

Our audit concluded that RRB was compliant with the PIIA because it satisfied all of the 10 payment reporting requirements that were applicable as shown in Table 1.<sup>12</sup> Six requirements were not applicable for three programs because they were not susceptible to significant improper payments, and eight requirements were not applicable for RUIA as it is not susceptible to significant improper payments and an IP risk assessment was performed in fiscal year 2022. We did not review Railroad Medicare compliance for the reasons explained in the subsequent section.

**TABLE 1. ASSESSMENT OF RRB'S COMPLIANCE WITH PIIA REQUIREMENT**

Program Name	1a-Published Information with the AFS	1b – Posted the AFS & Accompanying Materials on the Agency Website	2a – Conducted IP Ras for Each Program with Annual Outlays > \$10,000,000 at least once in the last three years	2b – Adequately Concluded Whether the Program is Likely to Make IPs & Ups Above or Below the Statutory Threshold	3 - Published IP & UP Estimates for Programs Susceptible to Significant IPs in the Accompanying Materials to the AFS	#4 - Published Corrective Action Plans for Each Program for Which an Estimate Above the Statutory Threshold was Published in the Accompanying Materials to the AFS	5a - 5a - Published IP & UP Reduction Targets for each Program for Which an Estimate Above the Statutory Threshold was Published in the Accompanying Materials to the AFS	5b - #5b - Has Demonstrated Improvements to PI or Reached a Tolerable IP & UP Rate	5c - #5c - Has Developed a Plan to Meet the IP & UP Reduction Target	6 - 6 - Reported an IP & UP Estimate of Less than 10 Percent for Each Program for Which an Estimate was Published in the Accompanying Materials to the AFS
RRA	C	C	C	C	NA	NA	NA	NA	NA	NA
RUIA	C	C	NA	NA	NA	NA	NA	NA	NA	NA
Vendor Payments	C	C	C	C	NA	NA	NA	NA	NA	NA
Employee Payments	C	C	C	C	NA	NA	NA	NA	NA	NA

Source: IPA analysis of fiscal year 2023 Performance and Accountability Report (PAR) and accompanying materials. Note: Table 1 acronyms are Compliant (C), Payment Integrity (PI), Annual Financial Statement (AFS), Risk Assessment (RA), Improper Payment (IP), and Unknown Payment (UP).

<sup>12</sup> Pub. L. 116-117, 134 Stat. 113 (2020), codified at 31 U.S.C. § 3351(2).

We determined the agency's payment integrity reporting was complete and accurate. Risk assessments were required for the RRA, Vendor Pay, and Employee Pay program due to the prescribed three-year cycle and were reviewed during this audit.

RRB is not responsible for reporting improper payment information for Railroad Medicare. A Memorandum of Understanding between the RRB, CMS, and HHS, signed August 31, 2022, clarified that CMS will calculate the Railroad Medicare improper payment rate and report Railroad Medicare improper payment information under the PIIA. However, we determined that the Railroad Medicare improper payment rate and information is masked within the CMS and HHS reporting. Additionally, the OIG determined in the prior year that the Railroad Medicare improper payment sampling methodology used by CMS' CERT team could be improved. In Audit Report 23-04, issued May 19, 2023, the RRB OIG identified five weaknesses in Railroad Medicare Reporting. These findings and recommendations are included in Appendix II: *Previous Office of Inspector General Open Audit Recommendations for Improper Payment Reporting*. We confirmed that RRB Management continues to nonconcur with the findings issued in the fiscal year 2022 report and did not implement corrective actions during fiscal year 2023.

At the time of this audit, the prior year audit recommendations remained open. The status of our prior open audit recommendations is provided in Appendix II.<sup>13</sup>

### **Payment Integrity Reporting Required in Statute**

The RRB complied with the PIIA because it satisfied the four applicable reporting requirements for the RRA benefit payment, vendor payment, and employee payment programs and the two applicable requirements for the RUIA benefit payment program. Six improper payment requirements were not applicable for three programs and eight were not applicable for the RUIA benefit payment program as shown in Table 1.<sup>14</sup> These requirements were not applicable because the programs were not susceptible to significant improper payments. We discuss our findings in the following sections.

### **RRB Published and Posted Payment Integrity Information in its PAR and in its Accompanying Materials**

Under PIIA requirements 1a and 1b, an executive agency shall publish improper payments information with the annual financial statement of the executive agency for the most recent fiscal year. The agency shall post this statement and any accompanying materials required under OMB's guidance on their website, <https://www.paymentaccuracy.gov/>.

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<sup>13</sup> RRB Office of Inspector General (OIG), The Railroad Retirement Board Complied with the Payment Integrity Information Act for Fiscal Year 2022, Report Number 23-04 (Chicago, IL: May 19, 2023). Recommendations 1-5.

<sup>14</sup> OMB M-21, 19, pg. 52; Pub. L. 116-117, 134 Stat. 113 (2020), codified at 31 U.S.C. § 3351(2).

The RRB complied with this requirement by publishing payment integrity information in its PAR, including the link to OMB's PaymentAccuracy.gov website, and posting the RRB's PAR on their website. The RRB responded to OMB's Annual Data call and this response was the source of the RRB's payment integrity information included in PaymentAccuracy.gov. This information represents the RRB's accompanying materials to the annual financial statement.

### **RRB Conducted its Required Risk Assessment and Adequately Concluded with Regard to the Statutory Threshold**

Under PIIA requirement 2a, the agency must conduct an improper payment risk assessment at least once every three years, for each program with annual outlays greater than \$10 million to determine whether the program is likely to make improper payments plus unknown payments that would be in total above the statutory threshold<sup>15</sup>. Under PIIA requirement 2b, the agency must ensure that the improper payment risk assessment methodology used adequately concludes whether the program is likely to make improper payments plus unknown payments above or below the statutory threshold.<sup>16</sup> For programs that are not deemed to be susceptible to significant improper payments, agencies are required to perform risk assessments at least once every three years. If a program has a significant change in legislation or significant increase in funding, a risk assessment may be needed in the next annual cycle.

During fiscal year 2023 payment integrity reporting, the RRB was required to conduct a risk assessment for three of RRB's four programs and conclude whether the programs were likely to result in improper or unknown payments above OMB's statutory threshold.

The RRB performed risk assessments for its RRA benefit payment program, vendor pay program, and employee pay program and adequately concluded that none of the programs were susceptible to making improper or unknown payments above the statutory threshold. Risk assessments for these programs are on a three-year cycle and will be performed in fiscal year 2026.

A risk assessment was not required for the RUIA benefit program. The RRB last performed risk assessments for this program in fiscal year 2022. The risk assessment for this program concluded that the program was not susceptible to significant improper payments above the PIIA threshold. The fiscal year 2022 RUIA benefit program risk assessment was assessed by the RRB OIG during its fiscal year 2022 performance audit of PIIA compliance, and was determined to be compliant, as reported in OIG Report 2023-04. Risk assessment for this program is on a three-year cycle and will be performed in fiscal year 2025.

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<sup>15</sup> Programs are considered to be above the statutory threshold if they are reporting an annual improper payment and unknown payment estimate that is either above \$10 million and 1.5 percent of the program's total annual outlays or above \$100 million.

Pub. L. 116-117, 134 Stat. 113 (2020), codified at 31 U.S.C. § 3351(2)(B).

<sup>16</sup> OMB M-21-19, pg. 44.

**Payment Integrity Information Act of 2019 Requirements Sections 3 through 6 were Not Applicable to the RRB.**

If applicable, federal agencies must report on the following requirements:

- Requirement #3 – Publish improper payment and unknown payment estimates for programs susceptible to significant improper payments and unknown payments in the accompanying materials to the annual financial statement.
- Requirement #4 – Publish corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- Requirement #5a – Publish improper payment and unknown payment reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement.
- Requirement #5b – Demonstrate improvements to payment integrity or reach a tolerable improper payment and unknown payment rate.
- Requirement #5c – Develop a plan to meet the improper payment and unknown payment reduction target.
- Requirement #6 – Report an improper payment and unknown payment estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.<sup>17</sup>

Because of the latest risk assessments performed for the RRB’s four payment integrity programs, the RRB determined the programs were not susceptible to significant improper payments or unknown payments (these programs remained in Phase 1). Therefore, requirements three through six were not applicable to these programs.

**Agency’s Efforts to Prevent and Reduce IPs and UPs**

OMB Circular A-123 Appendix C, section VI.C.3, requires the OIG to “...include an evaluation of agency efforts to prevent and reduce [improper payments] and [unknown payments].” In addition, “...the OIG must include recommendation(s) for action(s) to further improve prevention and reduction of [improper payments] and [unknown payments] within the program[ ]” for each agency program reporting an estimate above the statutory threshold.<sup>18</sup>

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<sup>17</sup> OMB M-21-19, pgs. 45-49; Pub. L. 116-117, 134 Stat. 113 (2020), codified at 31 U.S.C. § 3351(2).

<sup>18</sup> OMB M-21-19, pg. 51.

Additionally, the RRB was not required to report an RRA program improper payment rate or amount since fiscal year 2017. However, they did include these amounts in their fiscal year 2023 risk assessment. Estimated improper payments for fiscal year 2023 are \$76.66 million, or 0.54% of program outlays of \$14,196.40 million. This was a small increase in the amount of improper payments, but a small decrease in the improper payment rate from fiscal year 2022 (\$75.91 million, or 0.56% of outlays of \$13,436.23 million). RRA continues to maintain a rate of less than 1%, and improper payment amounts below the significant threshold of \$100 million as program outlays have increased from \$12,484 million in fiscal year 2017 to \$14,196 million in fiscal year 2023. The passage of the PIIA of 2019 required all programs with more than \$10 million in annual outlays to conduct an improper payment risk assessment at least once every three years. The RRB performed risk assessments for RUIA in fiscal year 2021 and fiscal year 2022 which included improper payment totals and rates. The improper payment rate and amount were 2.40 percent and \$8.72 million for the fiscal year 2021 RUIA risk assessment. In fiscal year 2022 these amounts increased to 2.92 percent and \$8.78 million. The results show RRB’s performance in preventing and reducing improper payment amounts in the RUIA program declined slightly from fiscal year 2021 to 2022. Following guidance contained in OMB M-21-19, RRB was not required to perform a risk assessment and report improper payment rates and amounts of RUIA for fiscal year 2023, however RRB is performing ongoing activities to target the two root causes of improper payments: failure to access data, and inability to access data. These efforts include: State Wage Matching programs with all fifty states and District of Columbia, quality assurance programs, validation reviews, and a prepayment verification process.

As Table 2 below demonstrates, RRA program recoveries of \$50.09 million in fiscal year 2022 represent a year-over-year increase from a low of \$41.68 million in fiscal year 2020. Prior to fiscal year 2020, recoveries increased every year from fiscal year 2015 (\$45.90) to fiscal year 2019 (\$82.73). RUIA recovery amounts have generally increased in most years as can be seen in Table 2. Additionally, the RRB has identified the major causes of overpayments for both the RRA and RUIA benefit payment programs and implemented actions for improving the accuracy of the payments and reducing erroneous payments.

Table 2. Overpayments Recaptured Outside of Payment Recapture Audits (\$ in millions)

Program	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
RRA	\$50.09	\$43.30	\$53.50	\$82.73	\$72.00	\$70.22	\$64.42	\$45.90
RUIA	\$31.13	\$26.32	\$22.89	\$26.12	\$25.49	\$25.95	\$23.19	\$21.97

Source: RRB Bureau of Fiscal Operations-Debt Recovery Service.



The RRB has determined that it would not be cost effective to recapture employee and vendor payments; therefore, we could not make a determination with regard to the RRB's adequacy in this area.

### **Other Issues Potentially Impacting Payment Integrity Information Reporting**

RRB OIG identified transparency issues with the Railroad Medicare program, concerns with the CMS's sampling and estimation plans for Railroad Medicare improper payment data, and those concerns remain valid, but were not part of our audit. Additionally, RRB management continues to nonconcur with the RRB OIG's previous findings related to Railroad Medicare. We described the details of these issues in the next sections.

### **Railroad Medicare Improper Payment Information was Not Transparent in HHS's Fiscal Year 2023 Agency Financial Report**

Congress, the public taxpayers, and the railroad community have been denied access to Railroad Medicare's payment integrity performance for five consecutive years.<sup>19</sup> The Railroad Medicare improper payment rate and estimated amount of improper payments are not transparent in HHS' AFR or RRB's PAR.

The MOU between CMS and RRB was signed on August 31, 2022 and was effective for fiscal year 2023. According to the terms of the MOU, CMS must calculate and report Railroad Medicare improper payment data for fiscal year 2023. Therefore, the RRB is not responsible for reporting Railroad Medicare in its PAR or accompanying materials to the financial statement for fiscal year 2023 and beyond. As a result, we have not cited the RRB with noncompliance with the PIIA for fiscal year 2023.

However, Railroad Medicare improper payment information was not separately published in HHS' or CMS' AFR or on PaymentAccuracy.gov. In addition, Railroad Medicare improper payment information was not reported in HHS' 2023 Medicare Fee-for-Service Supplemental Improper Payment Data supplement to HHS's AFR<sup>20</sup>. Therefore, published Railroad Medicare information was not transparent and the Railroad Medicare's improper payment information is effectively masked in HHS' reporting. We reviewed HHS' fiscal year 2023 AFR and CMS' fiscal year 2023 AFR and there was no mention of the RRB's Railroad Medicare program as a separate program when discussing improper payment information. Finally, there was no mention of Railroad Medicare by HHS or CMS on the fiscal year 2023 dataset on PaymentAccuracy.gov.

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<sup>19</sup> The RRB did not report Railroad Medicare payment integrity in its Performance and Accountability Report for fiscal years 2019, 2020, 2021, 2022, and 2023, even though it previously had reported in fiscal year 2018.

<sup>20</sup> CMS' website (<https://www.cms.gov/https/wwwcmssgov/data-research/monitoring-programs/improper-payment-measurement-programs/2023-medicare-fee-service-supplemental-improper-payment-data>) was accessed on April 22, 2023.

This is in direct opposition to OMB’s intent for transparency and illustrates the failings and risk inherent with the extended enterprise (i.e., a smaller program being overshadowed by a larger program). Railroad Medicare, should be considered as one program for improper payment reporting as its annual outlays are greater than \$10 million and its improper payments have historically exceeded the statutory threshold deeming it susceptible to significant improper payments. 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 RRB and OIG have historically disagreed on the reporting of Railroad Medicare improper payment information. The OIG believed that without approval from OMB or a formal agreement with CMS and HHS to the contrary, RRB should report Railroad Medicare payment integrity payment information. The RRB argued that CMS was calculating an improper payment rate and estimated the amount of improper payments for Railroad Medicare and that these amounts were included in HHS’ overall Medicare program improper payment reporting. Therefore, if they reported Railroad Medicare improper payment information it would result in duplicative reporting with HHS. The OIG observed that in none of the prior years was the Railroad Medicare improper payment information transparent in either CMS’ or HHS’ reporting. Even though the updated MOU clarifies that RRB is not responsible for Railroad Medicare reporting, Railroad Medicare improper payment information is still not transparent in HHS’ AFR or dataset on PaymentAccuracy.gov.<sup>21</sup>

With no transparency of the Railroad Medicare improper payment rate and estimated amount of improper payments, Congress, and the public taxpayers have been disallowed access to Railroad Medicare’s payment integrity performance over the years, including its SMAC’s fiscal year 2023 performance in processing approximately 7.9 million claims totaling over \$938 million paid to national providers.

In Audit Report 23-04, RRB OIG made recommendation numbers 2023-01 and 2023-02 in response to these findings. These findings and recommendations are included in Appendix II: *Previous Office of Inspector General Open Audit Recommendations for Improper Payment Reporting*. We confirmed that RRB Management continues to nonconcur with these findings issued in the fiscal year 2022 report, and did not implement corrective actions during fiscal year 2023.

### **Concerns About the Sampling and Estimation Plans for Railroad Medicare**

In Audit Report 19-09, the OIG identified concerns with the sampling and estimation plan used for Railroad Medicare. The PIIA requires that improper payment estimation plans be statistically valid, for susceptible programs in Phase 2, and comply with the requirements of OMB Circular A-123, Appendix C. The prior OIG report determined that the Railroad Medicare improper sampling and estimation plan did not conform to the guidance for a statistically valid and rigorous plan.

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<sup>21</sup> RRB MOU22-191, pg. 6.

In that same report, OIG determined the sample size used to calculate the improper payment rate was too small to provide an accurate rate that the RRB could rely on to determine SMAC vulnerabilities, prepare medical review strategies, use as a driver to reduce improper payments, and assess SMAC performance. For example, the nonpublic internal report provided to the RRB on November 2023, indicated a total sample size of 93, or less than 8 claims sampled per month. However, the population size for Railroad Medicare was approximately 7.9 million claims. The Railroad Medicare CERT sample represents only 0.0012 percent of its claims, and was determined to be not statistically valid and rigorous as defined by OMB. At the time of our audit, CMS continues to sample its MACs differently than the RRB's SMAC. While not at the optimal level, the Railroad Medicare program continues to rely on the statistically invalid CMS CERT sample reports and estimations for monitoring their improper payments.

In Audit Report 23-04, RRB OIG made recommendation number 2023-03 in response to this finding. The finding and recommendation are included in Appendix II: *Previous Office of Inspector General Open Audit Recommendations for Improper Payment Reporting*. We confirmed that RRB Management continues to non-concur with this finding issued in the fiscal year 2022 report and did not implement corrective actions during fiscal year 2023.

### **Ineffective Audit Follow-up for Railroad Medicare Payment Integrity Recommendations**

OMB Circular A-50<sup>22</sup> requires that each executive agency establish systems to assure the prompt and proper resolution and implementation of audit recommendations. Executive agencies must consider reports issued by the Inspectors General (IGs), other executive branch audit organizations, the General Accounting Office (GAO), and non-Federal auditors where follow-up is necessary.

Responsibility for effective audit follow-up rests with the head of the RRB's organization, the Board. Resolution of OIG audit recommendations are an important element of the Board's management system, consistent with the requirements of OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control<sup>23</sup>, the GAO Standards for Internal Control in the Federal Government (the GAO Green Book)<sup>24</sup>, and OMB Circular A-50<sup>25</sup>.

As of March 2024, there were over 50 open audit recommendations regarding Railroad Medicare payment integrity reporting. Sixteen of these recommendations were over three years old. The OIG found this situation to be contradictory to OMB's requirement for prompt resolution and corrective actions on audit recommendations. Resolution shall be made within a maximum of six months after issuance of a final report and corrective action should proceed as rapidly as possible.

RRB OIG's outstanding recommendations related to Railroad Medicare payment integrity reporting remain valid.

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<sup>22</sup> OMB Circular No. A-50 Revised, *Audit Follow-up*, issued September 29, 1982.

<sup>23</sup> OMB M-16-17.

<sup>24</sup> Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G, published September 10, 2014.

<sup>25</sup> OMB Circular No. A-50 Revised.

Without resolution or corrective action addressing Railroad Medicare's payment integrity outstanding recommendations, Congress, the public taxpayers, and the railroad community will never know the extent of Railroad Medicare's payment integrity performance over the years, including its SMAC's prior year and historical performance in processing an average of 8 million claims per year that are paid to national providers on behalf of railroad retirement annuitants.

In Audit Report 23-04, RRB OIG made recommendation numbers 2023-04 and 2023-05 in response to these findings. These findings and recommendations are included in Appendix II: *Previous Office of Inspector General Open Audit Recommendations for Improper Payment Reporting*. We confirmed that RRB Management continues to nonconcur with these findings issued in the fiscal year 2022 report and did not implement corrective actions during fiscal year 2023.

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

The Office of Programs continues to nonconcur with the previous OIG open audit recommendations detailed in Appendix II. We confirmed that recommendations three (3) and twelve (12) from the OIG Audit Report 19-09 were closed by the OIG, and we have removed them from Appendix II in the final report. No additional modifications to our report were made in response to Management's comments.

## Appendix I – Management Comments



UNITED STATES GOVERNMENT  
**MEMORANDUM**

FORM G-1151 (1-92)  
RAILROAD RETIREMENT BOARD

May 13, 2024

**TO:** Kevin A. Grillo  
Harper, Rains, Knight & Company

**FROM:** Jebby Rasputnis **JEBBY**  
Deputy Director of Programs **RASPUTNIS**

**SUBJECT:** Audit of Railroad Retirement Board's Compliance with the Payment Integrity Information Act for the Fiscal Year 2023 Performance Report (DRAFT)

Digitally signed by JEBBY  
RASPUTNIS  
Date: 2024.05.13 11:48:13  
-05'00'

We have reviewed the compiled draft report and noted no additional findings have been identified. We continue to non-concur with prior non-concurred items and have one technical correction. Appendix II page 20: Audit 19-09 Recommendation #3 is shown as "open"; however, this recommendation was closed by the Office of Inspector General on May 19, 2022.

## Appendix II – Previous Office of Inspector General Open Audit Recommendation for Improper Payment Reporting

Report	Recommendation	Status
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 Payment Elimination and Recovery Act of 2010 requirements. (Recommendation 2)	Open
15-06	Revise and document their definitions of improper underpayments for the Railroad Retirement Act program in compliance with Improper Payment Elimination and Recovery Act of 2010 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 (OIG) auditors regarding which unit within the agency this recommendation should be directed.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
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 OIG auditors regarding which unit within the agency this recommendation should be directed.
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. OIG auditors believe 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 system. (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 Payment Elimination and Recovery Act of 2010 guidance. (Recommendation 3)	Open  Agency did not concur. OIG auditors believe 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. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
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. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 1)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 2)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 4)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.



Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
19-09	Obtain the Railroad Medicare sampling and estimation plan for the fiscal year 2019 payment integrity reporting cycle. (Recommendation 5)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 6)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented
19-09	Submit the Railroad Medicare sampling and estimation plan for fiscal year 2019 to the Office of Management and Budget by the June 30th deadline. (Recommendation 7)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	Obtain the Office of Management and Budget approval for Railroad Medicare's overall reduction target rate. (Recommendation 8)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 9)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
19-09	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. (Recommendation 10)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	Identify, publish, and provide a justification for Railroad Medicare uncollectible amounts. (Recommendation 11)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	Develop a payment recapture audit program for vendor and employee payments, or approved alternative method, if one is deemed cost effective. (Recommendation 13)	Open
19-09	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 OMB M-18-20, 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. (Recommendation 14)	Open
19-09	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. (Recommendation 15)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
19-09	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. (Recommendation 16)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	Develop and implement an internal control process (e.g. a checklist) to ensure all updates to OMB M-18-20 and Office of Management and Budget Circular A-136 relating to improper payments are sufficiently addressed for payment integrity reporting. (Recommendation 17)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 18)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
19-09	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. (Recommendation 19)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
20-06	Create and submit proposals to Office of Management and Budget during their next budget submission that will bring the agency into compliance. If the Director of Office of Management and Budget determines that additional funding would help the agency become compliant, the agency should obligate an amount of additional funding determined by the Director of Office of Management and Budget to intensify compliance efforts. (Recommendation 1)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
20-06	Update the corrective action plan that was published in the Railroad Retirement Board's fiscal year 2018 Performance and Accountability Report to reduce Railroad Medicare improper payments and publish it in the Railroad Retirement Board's fiscal year 2020 Performance and Accountability Report. (Recommendation 2)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
20-06	Publish Railroad Medicare overpayment recapture data in the Railroad Retirement Board's fiscal year 2020 Performance and Accountability Report. (Recommendation 3)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
20-06	Perform a reconciliation of Railroad Retirement Act overpayments recapture source data to the Financial Management Integrated System when preparing the payment recapture data worksheet to ensure accurate information is published in the Railroad Retirement Board's Performance and Accountability Report's payment integrity section. (Recommendation 4)	Open

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
20-06	Resume payment integrity reporting in the Railroad Retirement Board's Performance and Accountability Report, as required by applicable improper payment laws, until official approval from Office of Management and Budget is obtained and updated governing documents between the Railroad Retirement Board and the Department of Health and Human Services have been signed to reflect the extended enterprise relationship between the two agencies. (Recommendation 5)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Publish Railroad Medicare program payment integrity information in accordance with the Payment Integrity Information Act of 2019 and the Office of Management and Budget's data call requirements until it formalizes an agreement with the Centers for Medicare and Medicaid Services to take over reporting for Railroad Medicare. (Recommendation 1)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Publish improper payment estimates for the Railroad Medicare program in the Office of Management and Budget's data calls, until the Office of Management and Budget formally approves the Railroad Retirement Board's discontinuation of reporting or approves an agreement between the Centers for Medicare and Medicaid Services and the Railroad Retirement Board on how Railroad Medicare will be reported. (Recommendation 2)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Develop and publish corrective action plan information in accordance with OMB directives. (Recommendation 3)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
21-05	Publish reduction targets for the Railroad Medicare Program in accordance with the annual Office of Management and Budget Data Call requirements. (Recommendation 4)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Meet the published reduction targets for the Railroad Medicare Program. (Recommendation 5)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Report an improper payment rate of less than 10 percent for the Railroad Medicare program in accordance with applicable laws and regulations. (Recommendation 6)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Fully complete and publish all required payment integrity information as requested by the Office of Management and Budget's annual and supplemental data calls, until it formalizes an agreement with the Centers for Medicare and Medicaid Services to take over reporting for Railroad Medicare. (Recommendation 7)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
21-05	Describe in its Performance and Accountability Report or Office of Management and Budget supplemental data call submission, the internal controls, human capital, its information systems and infrastructure needs, as well as its other program needs for reducing Railroad Medicare improper payments to the targeted levels, in accordance with OMB's supplemental data call requirements. (Recommendation 8)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
22-08	Post Railroad Medicare program payment integrity information in the annual financial statement and accompanying materials on the agency website, in accordance with the Payment Integrity Information Act of 2019 and Office of Management and Budget's data call requirements, until RRB formalizes an agreement with the Centers for Medicare and Medicaid Services to take over reporting for Railroad Medicare. (Recommendation 1)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Publish unknown payment estimates for the Railroad Medicare Program in the Office of Management and Budget's data calls, until the Office of Management and Budget formally approves the Railroad Retirement Board's discontinuation of reporting or approves an agreement between the Centers for Medicare and Medicaid Services and the Railroad Retirement Board on how Railroad Medicare will be reported. (Recommendation 2)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Develop and publish a Railroad Medicare corrective action plan in accordance with Office of Management and Budget directives. (Recommendation 3)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Publish improper payment and unknown payment reduction targets for the Railroad Medicare Program in accordance with the annual Office of Management and Budget Data Call requirements. (Recommendation 4)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
22-08	Demonstrate improvement and develop a plan to meet the published improper payment and unknown payment reduction targets for the Railroad Medicare Program in accordance with Office of Management and Budget directives. (Recommendation 5)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Report an improper payment and unknown payment rate of less than 10 percent for the Railroad Medicare program. (Recommendation 6)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Accept responsibility and accountability for the Railroad Medicare program to further improve prevention and ensure that improper payments and unknown payments are minimized. (Recommendation 7)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
22-08	Establish procedure to ensure timely revision of improper payment methodology and procedure to reflect the most recent OMB guidance and requirements. (Recommendation 9)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
23-04	Update the Railroad Retirement Board and Centers for Medicare and Medicaid Services' Memorandum of Understanding dated August 31, 2022 to ensure the Railroad Medicare payment integrity information complies the Payment Integrity Information Act of 2019 and the enterprise risk management framework. (Recommendation 1)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.



Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
23-04	Request that the Department of Health and Human Services provide a footnote in the Payment Integrity Information Act of 2019 reporting section of either the Department of Health and Human Services' or Centers for Medicare and Medicaid Services' Agency Financial Report to provide the Railroad Medicare program improper payment rate and estimated improper payments in their future years reporting. If the Department of Health and Human Services does not agree, the Railroad Retirement Board should include the improper payment rate and amount from the Comprehensive Error Rate Testing report for the Railroad Medicare program in future Railroad Retirement Board Performance and Accountability Reports to ensure transparency and compliance with the enterprise risk management framework. (Recommendation 2)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.
23-04	Update the Railroad Retirement Board and Centers for Medicare and Medicaid Services' Memorandum of Understanding dated August 31, 2022 to ensure the sampling and estimation methodology of the Railroad Medicare program complies with the requirements of Office of Management and Budget Circular A-123, Appendix C and the Payment Integrity Information Act of 2019. (Recommendation 3)	Open  Agency did not concur. OIG auditors believe this recommendation should still be implemented.

Appendix II  
 Previous Office of Inspector General Open Audit Recommendations

<b>Report</b>	<b>Recommendation</b>	<b>Status</b>
23-04	<p>Coordinate with the Railroad Retirement Board's audit follow-up official to develop a plan to address Railroad Medicare payment integrity outstanding audit recommendations to ensure resolution and prompt corrective action in accordance with the requirements of Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, the Government Accountability Office's Standards for Internal Control in the Federal Government, and Office of Management and Budget Circular A-50, Audit Follow Up. (Recommendation 4)</p>	<p>Open</p> <p>Agency did not concur. OIG auditors believe this recommendation should still be implemented.</p>
23-04	<p>Update the Railroad Retirement Board and Centers for Medicare and Medicaid Services' Memorandum of Understanding dated August 31, 2022 to ensure past and future Railroad Retirement Board Office of Inspector General audit recommendations regarding Railroad Medicare payment integrity will be appropriately handled in accordance with the requirements of Office of Management and Budget Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, the Government Accountability Office Standards for Internal Control in the Federal Government, and Office of Management and Budget Circular A-50, Audit Follow Up. (Recommendation 5)</p>	<p>Open</p> <p>Agency did not concur. OIG auditors believe this recommendation should still be implemented.</p>

## Appendix III – Abbreviations

BFO	Bureau of Fiscal Operations
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CMS	Centers for Medicare and Medicaid Services
ERM	Enterprise Risk Management
GAGAS	Generally Accepted Government Auditing Standards
HHS	U.S. Department of Health and Human Services
IP	Improper Payment
MOU	Memorandum of Understanding
OIG	Office of Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PEMS	Program Evaluation and Management Service
PIIA	Payment Integrity Information Act of 2019
RRA	Railroad Retirement Act
RRB	Railroad Retirement Board
RUIA	Railroad Unemployment Insurance Act
SMAC	Specialty Medicare Administrative Contractor
UP	Unknown Payment