

Supporting Information for *Efficacy of Congressional Oversight*

A Improper Payments Hearings

Table A1: Improper Payments Data Coverage by Agency

Agency	Fiscal Years
Consumer Product Safety Commission	2012–2020
Corporation for National and Community Service (AmeriCorps)	2012–2021
Department of Agriculture	2006–2021
Department of Commerce	2012–2021
Department of Defense	2004–2021
Department of Education	2001–2021
Department of Health and Human Services	2004–2021
Department of Homeland Security	2012–2021
Department of Housing and Urban Development	2003–2021
Department of Interior	2012–2020
Department of Justice	2012–2020
Department of Labor	2002–2021
Department of Transportation	2006–2021
Department of Treasury	2004–2021
Department of Veterans Affairs	2003–2020
Environmental Protection Agency	2012–2020
Federal Communications Commission	2005–2021
General Services Administration	2012–2020
National Aeronautics and Space Administration	2012–2020
National Science Foundation	2012–2020
Office of Personnel Management	2002–2021
Railroad Retirement Board	2003–2020
Small Business Association	2008–2021
Social Security Administration	2000–2021
U.S. Agency for Global Media	2012–2020
U.S. Agency for International Development	2012–2020

Table A2: Committees Holding Hearings on Improper Payments

Committee	Number of Hearings
<i>House</i>	
Oversight and Accountability	23
Ways and Means	16
Energy and Commerce	6
Agriculture	5
Veterans' Affairs	4
Judiciary	2
Armed Services	1
Education and the Workforce	1
Small Business	1
<i>Senate</i>	
Homeland Security and Governmental Affairs	23
Finance	4
Agriculture	1
Banking, Housing, and Urban Affairs	1

We held two conversations with legislative staffers for background information on their public oversight hearings. These conversations do not qualify as human subjects research because the activity did not collect identifiable private information about individuals, was not used to test hypotheses about human behavior, did not involve interventions with individuals to collect data for research purposes, and was not a systematic investigation. Further, following APSA's Principles and Guidance for Human Subjects Research, there was no risk of harm or trauma, no deception, and no activity that was disrespectful. There was no broader social impact of these conversations and no intervention or impact on political processes.

B Other Tables and Figures

In Figure A1 we plot time-series of improper payment rates by program for programs from agencies with witnesses called to testify. We re-scale time to years from first oversight hearing for each agency. The plot helps us evaluate the assumption of parallel trends. There is little evidence that program trends in IP rates systematically differed in the fiscal years before witnesses from their agency were first called to testify. This holds for all programs, as represented by the loess smooth (thick red line), for large programs (with outlays of more than \$1 million, thick black lines), and for small programs (thin gray lines).

Figure A1: Improper payment time-series by program. X-axis relative to fiscal year of first oversight hearing.

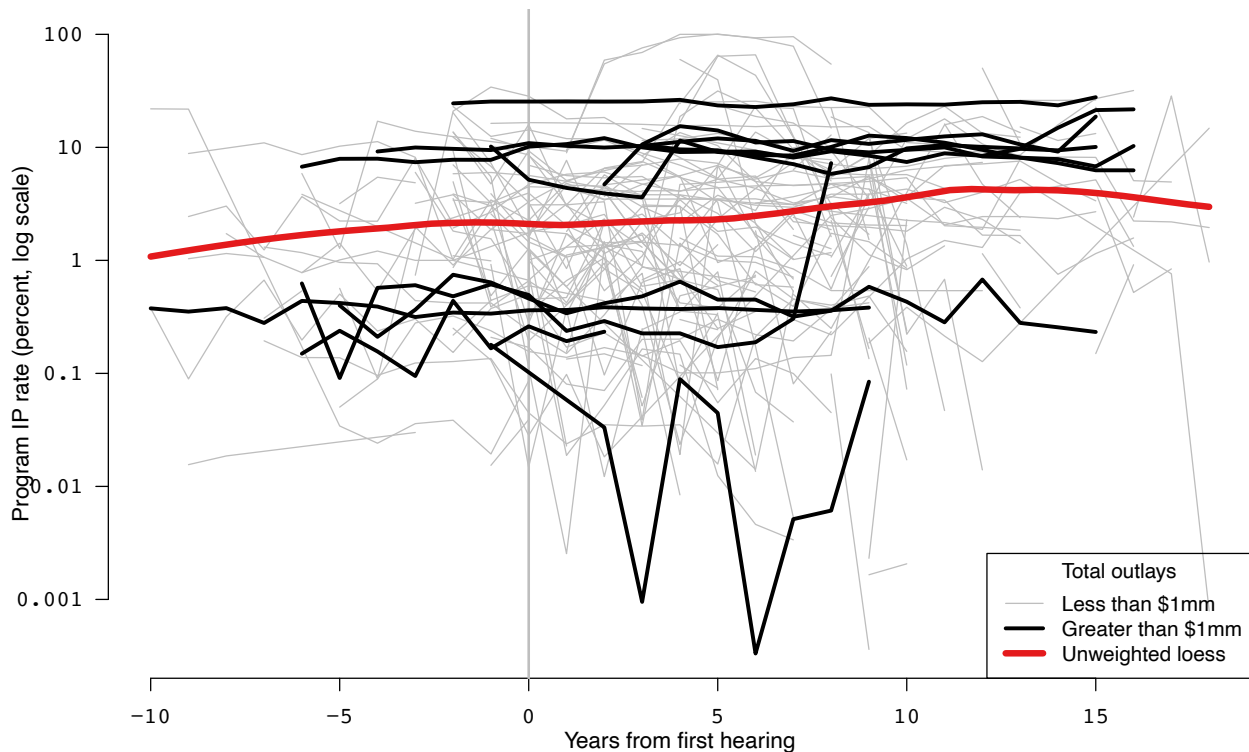


Table A3 provides a regression evaluation of pre-trends. We regress an indicator for oversight hearing in that fiscal year on lags of log IP amount (dollars) and of log IP rate. Columns one through four look at the two predictors separately with one and three lags. Columns five through eight enter amount and rate together. Across the eight specifications, coefficients are estimated with a good deal of sampling uncertainty and the within- R^2 are never more than 6%, showing that lag improper payments do not predict whether Congress holds oversight hearings. Column ten adds these lagged predictors to the original model of Table 2, with column nine a reference without lags on the same set of 217 observations. Including lag IP rate and amount decreases the coefficient on years since hearing by about 25 percent. Our main conclusion that oversight is at best only modestly effective remains under this specification.

Table A3: Hearing Incidence and Improper Payment Rate By Lag Amounts and Rates.

	(1)	(2)	(3)	Hearing incidence		(6)	(7)	(8)	(9)	(10)
				(4)	(5)					
Log IP rate, t-1	0.053 (0.030)	0.057 (0.039)			0.083 (0.064)	-0.025 (0.095)	0.061 (0.10)	0.00092 (0.12)		-0.15 (0.54)
Log IP rate, t-2		0.030 (0.046)				0.23** (0.11)		0.26 (0.15)		0.17 (0.65)
Log IP rate, t-3		-0.022 (0.045)				-0.11 (0.096)		-0.087 (0.12)		0.34 (0.54)
Log IP amount, t-1			0.034 (0.026)	0.052 (0.037)	-0.030 (0.055)	0.091 (0.092)	0.000061 (0.079)	0.12 (0.11)		0.81 (0.52)
Log IP amount, t-2				-0.012 (0.042)		-0.20 (0.10)		-0.31** (0.13)		0.12 (0.60)
Log IP amount, t-3				-0.0046 (0.042)		0.082 (0.088)		0.090 (0.11)		-0.25 (0.50)
Hearing									0.57 (0.46)	0.52 (0.46)
Years Since Last Agency Hearing									-0.074** (0.033)	-0.051 (0.033)
Constant	0.18*** (0.028)	0.19*** (0.041)	-0.017 (0.18)	-0.022 (0.30)	0.37 (0.35)	0.37 (0.51)	0.27 (0.55)	0.93 (0.79)	5.14*** (0.26)	-0.11 (2.94)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Had Previous Hearing							Yes	Yes		
Observations	260	217	260	217	260	217	162	150	217	217
R squared	0.47	0.47	0.47	0.46	0.47	0.48	0.50	0.49	0.92	0.93
Within R squared	0.014	0.016	0.0075	0.011	0.015	0.036	0.0085	0.052	0.053	0.14

Standard errors in parentheses.

** p < 0.05, *** p < 0.01

Table A4: Dynamic Effect of Hearings on Improper Payment Rate, Intercept-Shift and Semi-Parametric Specifications. Dependent variable is improper payment rate as a percent of all payments.

	Agency-level		Program-level	
	(1)	(2)	(3)	(4)
Agency Hearing Prior to this Year	-1.47*** (0.46)		-1.51** (0.76)	
Agency Hearing	0.091 (0.56)	0.93** (0.46)	1.04 (1.23)	1.99 (1.02)
Agency Hearing t-1		1.04** (0.47)		2.90*** (0.97)
Agency Hearing t-2		0.83 (0.47)		1.25 (1.06)
Agency Hearing t-3		0.31 (0.46)		-0.20 (1.00)
Agency Hearing t-4		0.55 (0.47)		-0.55 (1.01)
Fiscal Year FE	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes
Observations	304	304	1289	1289

Standard errors in parentheses; clustered on agency-year for program-level analysis.

** p < 0.05, *** p < 0.01

C Alternative Difference-in-Differences Estimator

Recent work in econometrics has emphasized potential issues with the use of the two-way fixed effects (TWFE) model, especially when treatment assignments are staggered leading to standard TWFE to compare treated units already-treated units. Here we use the Dube et al. (2023) local projection difference-in-differences estimator (LP-DiD) to address this concern. This method mitigates “forbidden comparisons” between treated units and already-treated units by limiting analysis to treated units and clean controls. Clean controls are defined as observations who remain untreated during a fixed window of time surrounding the treatment of treated units. Table A5 reports the results using the LP-DiD estimator to estimate the following equation:

$$\Delta\{\text{Improper payment rate}\}_{it} = \beta\Delta\text{Hearing}_{it} + \delta_i + \sum_{p=1}^P \omega_p \Delta\{\text{Improper payment rate}\}_{i,t-p} + \epsilon_{it} \quad (2)$$

where Δ is the one-period difference operator and P represents the number of included lagged dependent variables.

The variable “H” in Table A5 indicates the width of the window defining clean control cases, with the value of “H” representing the number of fiscal years. Note that for simplification this specification does not include the dynamic term seen in Equation 1 in the main text. Columns four through six add two lagged outcome variables corresponding to the variable P in Equation 2. All specifications yield large standard errors for the point estimates on an agency hearing, underscoring the lack of evidence of a substantial effect of oversight on improper payment rates.

Table A5: Local projection-DiD results

<i>A. Agency-Level</i>						
	H=1	H=2	H=3	H=1	H=2	H=3
	(1)	(2)	(3)	(4)	(5)	(6)
Agency hearing, t-1 to t	0.016 (0.31)	-0.0035 (0.34)	0.014 (0.32)	-0.051 (0.31)	-0.063 (0.31)	-0.053 (0.32)
Improper Payment Rate, t-2 to t-1				-0.14 (0.085)	-0.20** (0.091)	-0.12 (0.10)
Improper Payment Rate, t-3 to t-2				-0.67*** (0.10)	-0.74*** (0.11)	-0.57*** (0.13)
Constant	0.024 (0.14)	0.023 (0.16)	0.053 (0.16)	0.071 (0.13)	0.11 (0.14)	0.13 (0.16)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	221	189	161	198	181	154
<i>B. Program-Level</i>						
	H=1	H=2	H=3	H=1	H=2	H=3
	(1)	(2)	(3)	(4)	(5)	(6)
Agency hearing, t-1 to t	0.011 (0.36)	-0.031 (0.36)	-0.044 (0.39)	-0.50 (0.37)	-0.57 (0.39)	-0.58 (0.42)
Improper Payment Rate, t-2 to t-1				0.19*** (0.040)	0.18*** (0.045)	0.24*** (0.050)
Improper Payment Rate, t-3 to t-2				-0.38*** (0.041)	-0.41*** (0.043)	-0.43*** (0.052)
Constant	-0.56*** (0.18)	-0.59*** (0.19)	-0.56** (0.22)	-0.46*** (0.18)	-0.52*** (0.19)	-0.51** (0.23)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	780	637	536	621	561	461

Standard errors in parentheses. The variable “H” indicates the width of the window defining clean control cases.

***p<0.01, **p<0.05

Table A6: Dynamic Effect of Hearings on Improper Payment Rate, FY 2012 onwards. Dependent variable is improper payment rate as a percent of all payments.

	Agency-level			Program-level		
	(1)	(2)	(3)	(4)	(5)	(6)
Years Since Last Agency Hearing	-0.041 (0.099)	-0.079 (0.12)		-0.15 (0.17)	-0.078 (0.27)	
Years Since Last Unified Govt Hearing		0.051 (0.12)			0.10 (0.28)	
Years Since Last House Agency Hearing			-0.12 (0.12)			0.094 (0.20)
Years Since Last Senate Agency Hearing			-0.077 (0.12)			-0.43** (0.20)
Agency Hearing	0.95 (0.64)	1.10 (0.69)		1.71 (1.45)	0.59 (1.47)	
Agency Hearing * Unified Government		-0.48 (1.13)			5.45 (3.79)	
House Agency Hearing			0.61 (0.68)			1.90 (1.77)
Senate Agency Hearing			-0.36 (0.89)			-0.071 (1.08)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	194	194	194	893	893	893

Standard errors in parentheses; clustered on agency-year for program-level analysis.

** p < 0.05, *** p < 0.01

Table A7: Dynamic Effect of Hearings on Improper Payment Rate, Low and High Mean IP rates.
Dependent variable is improper payment rate as a percent of all payments.

	Agency-level		Program-level	
	(1)	(2)	(3)	(4)
Years Since Last Agency Hearing	-0.0099 (0.018)	-0.16*** (0.052)	-0.043 (0.023)	-0.31*** (0.094)
Agency Hearing	0.092 (0.22)	0.44 (0.73)	-0.14 (0.15)	1.19 (1.44)
Fiscal Year FE	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes
Observations	111	191	501	787

Standard errors in parentheses; clustered on agency-year for program-level analysis.

** p < 0.05, *** p < 0.01

In Table A7, Columns one and three are the subset of agencies or programs with mean IP rates below the median agency IP rate or below the median program IP rate. Columns two and four are the subset of agencies or programs with mean IP rates above the median agency IP rate or above the median program IP rate.

D Other Hearing Effects

Our main specification focuses on the dynamic effect of hearings with witnesses from the agency from a single fiscal year. Agency effort on improper payments, however, might be affected by other vectors of oversight. For example, effort might increase as a function of the cumulative number of improper payment hearings targeting the agency over multiple years, hearings on improper payments targeting peer agencies, hearings held in years with statutory action on improper payments, or the proportion of hearings on improper payments compared to other issues. We address the possible effects of these vectors of oversight in Table A8.

First, to account for any cumulative effect of multiple hearings across time for an agency, we include a variable for the number of previous instances an agency was called to a hearing in a fiscal year. The coefficients (columns one and five of Table A8) indicate that the improper payment rate still improves, on average, by about 0.09 (agency) and 0.17 (program) percentage points each year following a hearing when controlling for the cumulative number of previous hearings. We do not detect any effect of the cumulative number of hearings.

Second, an agency may observe oversight on improper payments of a peer agency and infer the signal that the committee prioritizes attention to improper payments. Our fiscal year fixed effects account for any of hearings that affect all agencies in a fiscal year. To account for potential within-year spillover effects among peer agencies overseen by the same committee, we construct an additional measure. We assume that peer spillover would operate through the longstanding relationships between specific committees and specific agencies. We define a committee's *purview* as the set of agencies called for oversight hearings by that committee in the decade prior to our sample period, 1990-2000. Then, we define "oversight spillover" by assuming that an improper payments hearing held by a specific committee affects all agencies in its purview. For example, suppose a committee called witnesses from Agencies A, B, and C for oversight hearings during the 1990-2000 decade. If the committee calls Agency A to testify about improper payments in 2008, our oversight spillover variable codes Agencies A, B, and C as treated by committee oversight in 2008 (even if B and C had no witnesses called to testify).

Columns two and six in Table A8 show large standard errors and small negative or near zero effects on a peer agency's improper payments in the years following committee oversight spillover. The results for the dynamic effect of an agency's own hearing remain robust. Even when accounting for potential spillover effects of oversight, an oversight hearing on an agency leads to a subsequent decline in improper payment rates for the specific agency subject to the hearing but, apparently, not to related agencies.

Third, oversight might work best—or only work—when legislative action complements redirection of bureaucratic priorities. We interact oversight hearing variables with years of significant statutory activity in columns three and seven. Coefficient estimates suggest that oversight hearings have larger effects in years with statutory activity, but standard errors are quite large. The direct dynamic effect remains robust to including the statute-year interaction.

Finally, we consider the proportion of oversight on improper payments relative to other issues. Committees can hold hearings on a wide variety of topics. If committee hearings are meant to signal legislative priorities to the agency, it could be the proportion rather than the count of hearings on improper payments that is the relevant driver of bureaucratic effort. An agency called to one hearing on improper payments and ten hearings on service delivery issues might infer that improper payments are not the main priority of the committee. We calculate the proportion of oversight on improper payments in a fiscal year as the number of hearings on improper payments with a witness from that agency divided by the total hearings with a witness from that agency. Columns four and eight in Table A8 yield null results for the effect of proportion of oversight on the issue.

Because addressing improper payments requires allocation of additional resources, improvement in improper payments could follow either because the bureaucracy reallocates existing resources to combating

improper payments or because Congress provides additional resources to the agency (or both). Congressional allocation of new resources to combat improper payments might be correlated with oversight attention to improper payments such that agency resources would be a confounding variable with oversight. The fiscal year fixed effects capture the overall budget environment affecting all agencies in each fiscal year, and agency fixed effects capture relative agency budget sizes and allocations. To account for possible within-agency variation in congressional investment, we collected data on agency budget authorities from OMB. While the data does not specify any budget line-item for improper payments, agencies have discretion in how they use their budget authorities across their programs and so might use general increases in resources for such efforts. Table A9 includes control variables for agency budget authorities or agency discretionary budget authorities. Accounting for this form of agency capacity does not change our results.

Table A8: Dynamic Effect of Hearings on Improper Payment Rate, Other Hearing Effects. Dependent variable is improper payment rate as a percent of all payments.

	(1)	Agency-level		Program-level		Program-level		
		(2)	(3)	(4)	(5)	(6)	(7)	(8)
Years Since Last Agency Hearing	-0.090** (0.035)	-0.098*** (0.035)	-0.097*** (0.035)	-0.10*** (0.039)	-0.17*** (0.054)	-0.17*** (0.053)	-0.17*** (0.054)	-0.26*** (0.075)
Years Since Last Hearing Spillover		-0.13 (0.18)				0.0099 (0.20)		
Years Since Last * Prop. Hearings on IP, Fiscal Year of Last				0.067 (0.24)				0.72** (0.32)
Agency Hearing	0.69 (0.49)	0.59 (0.49)	0.74 (0.52)		1.13 (1.04)	1.10 (1.01)	1.37 (1.16)	
Previous Agency Hearings	0.18 (0.098)				-0.036 (0.15)			
Hearing Spillover		-0.0079 (0.62)				0.47 (1.04)		
Agency Hearing * Statute Year							-1.07 (0.94)	
Prop. Hearings on IP, This Fiscal Year				4.06 (5.05)				6.22 (5.83)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	304	304	304	251	1289	1289	1289	1072

Standard errors in parentheses; clustered on agency-year for program-level analysis.

Columns (4) and (8) exclude fiscal years 2019-2021 due to data limitations on the count of *non-IP* hearings agencies are called for in fiscal years 2019-2021, the denominator for *Prop. Hearings on IP*.

** p < 0.05, *** p < 0.01

Table A9: Dynamic Effect of Hearings on Improper Payment Rate, with Agency Budget Authority.
Dependent variable is improper payment rate as a percent of all payments.

	Agency-level	
	(1)	(2)
Years Since Last Agency Hearing	-0.079** (0.032)	-0.077** (0.031)
Agency Hearing	0.50 (0.41)	0.43 (0.40)
log Agency Budget Authority	0.15 (0.23)	
log Agency Discretionary Budget Authority		1.14*** (0.41)
Fiscal Year FE	Yes	Yes
Agency FE	Yes	Yes
Observations	253	256

Standard errors in parentheses.

** p < 0.05, *** p < 0.01

Table A10: Dynamic Effect of Other Moderators on Improper Payment Rate.

	Agency-level			Program-level						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Years Since Last Agency Hearing	-0.038 (0.17)	-0.15*** (0.043)	-0.37 (0.25)	-0.084** (0.035)	-0.086** (0.036)	0.15 (0.23)	-0.18*** (0.066)	0.26 (0.26)	-0.16*** (0.053)	-0.27*** (0.077)
Years Since Last * Number Witnesses, Fiscal Year of Last	-0.0080 (0.022)					-0.042 (0.029)				
Years Since Last * Agency Political Appointee Witnesses, Fiscal Year of Last		0.11** (0.054)					0.028 (0.076)			
Years Since Last * Subcommittee Hearing, Fiscal Year of Last			0.27 (0.25)					-0.43 (0.24)		
Years Since Last * Pres. Election Year, Fiscal Year of Last				-0.34** (0.13)	-0.39*** (0.14)				-0.47 (0.27)	-0.24 (0.27)
Agency Hearing	0.64 (0.64)	0.51 (0.52)	0.36 (0.62)	0.50 (0.52)	0.58 (0.54)	1.47 (1.05)	1.30 (1.05)	1.07 (1.00)	0.85 (1.12)	2.43** (1.00)
Number of Witnesses, This Fiscal Year	-0.0020 (0.076)					-0.037 (0.059)				
Number of Political Agency Witnesses, This Fiscal Year		0.021 (0.30)					-0.31 (0.34)			
Subcommittee Hearing, This Fiscal Year			0.25 (0.39)					0.043 (0.26)		
Pres. Election year, This Fiscal Year				-0.026 (0.84)	0.49 (1.03)				0.53 (1.42)	1.21 (1.72)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	304	304	304	304	287	1289	1289	1289	1289	1254

Standard errors in parentheses; clustered on agency-year for program-level analysis.

Columns (1)-(5) are agency-level specifications; columns (6)-(10) are program-level specifications.

Columns (5) and (10) exclude fiscal year 2012, when all improper payments hearings were held during election year 2012.

** p < 0.05, *** p < 0.01

E Appropriations Committee Reports

Appropriations committee reports addressing improper payments can cover agencies in two different ways. First, the report can cover an agency and mention that agency's improper payments as needing attention or improvement. For example, the committee report for the 2019 annual appropriations bill for the Departments of Labor, Health and Human Services, and Education singled out the Department of Labor's improper payments:

The Committee includes \$117,000,000 for the RESEA program, and an additional \$33,000,000 is made available pursuant to the Bipartisan Budget Act of 2018 (PL 115-123). The Committee continues to support the RESEA program and urges the Department to focus its efforts on reducing the rate of improper payments in the UI system. On June 13, 2017, DOL-OIG issued a report entitled DOL Needs to Do More to Reduce Improper Payments and Improve Reporting (Report Number 03-17-002-13-001). The Committee notes that the rate of improper payments in the UI program exceeds program goals and remains among the highest of any Federal program. The Committee directs ETA to work with DOL-OIG to implement the policies and controls necessary to make significant progress on reducing the rate of improper payments in the UI program.¹

Or, the report can also cover agencies but not directly refer to an agency's own improper payments specifically. For instance, the committee report for the 2010 Financial Services and General Government Appropriations Bill covered various agencies and mentioned improper payments in the section below:

The President's budget request proposes a new program, to be managed by the Office of Management and Budget, called the Partnership Fund for Program Integrity Innovation. The purpose of this program is to conduct joint Federal-state pilot projects to demonstrate ways in which the Federal Government and the states can cooperate to improve program administration and services while reducing rates of errors and improper payments, especially for programs in which the states have a substantial role in administration and payments.²

This report addressed improper payments in general without reference to a specific agency or program.

In Table A11, we estimate the effect of an appropriations report on improper payments on an agency's (columns one through six) or program's (columns seven through twelve) improper payment rates. We estimate this separately for reports that directly mention a specific agency's improper payments and for reports addressing improper payments in general that cover an agency.

It could also be that the effect of an appropriations report on improper payments is larger for the first report in which improper payments are discussed. In columns three, six, nine, and twelve, we generate a variable that indicates if the report on improper payments was the first time such a report was issued for an agency in our dataset and use it in an interaction term to estimate the excess effect of a first report. The base term for first report is omitted due to collinearity.

The estimates in Table A11 exhibit wide sampling variability in all cases, pointing to a lack of evidence for a definitive effect of appropriations reports—either reports addressing a specific agency's improper payments, reports addressing improper payments in general, or first time reports on both types—on the improper payment rate of agencies or programs. The negative coefficient point estimates, however, are of important magnitude and suggest an avenue for future research.

¹From committee report number 115-862 accompanying H.R. 6470, issued on July 23, 2018.

²From committee report number 111-202 accompanying H.R. 3170, issued on July 10, 2009.

Table A11: Effect of Appropriations Committee Report about Improper Payments on Improper Payment Rate.

	Agency-level			Program-level								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Approp. report direct mention	-0.38 (0.53)	-0.41 (0.49)	-0.25 (0.59)				-0.85 (0.62)	-0.60 (0.66)	-0.39 (0.64)			
Approp. report direct mention, t-1		-0.80 (0.50)						0.17 (0.69)				
Approp. report direct mention * First Approp. report direct mention			-0.51 (1.09)						-1.71 (1.21)			
Approp. report				-0.31 (0.51)	-0.29 (0.48)	-0.26 (0.51)				1.10 (1.15)	1.01 (1.21)	1.26 (1.18)
Approp. report, t-1					0.20 (0.48)						0.073 (1.04)	
Approp. report * First Approp. report						-0.74 (1.34)						-2.40 (1.71)
Fiscal Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Agency/Program FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	304	268	304	304	268	304	1289	1012	1289	1289	1012	1289

Standard errors in parentheses; clustered on agency-year for program-level analysis.

** p < 0.05, *** p < 0.01

F What Works?

How exactly do agencies improve payment integrity? We consider two large programs that have improved their improper payment rates during the period of our study, Medicare Part C (Medicare Advantage) and Medicare Part D (Drug Benefit). Medicare Part C's average improper payment rate declined from around 13 percent in 2008 to around 8 percent in 2021 and Part D's from 3.25 percent in 2011 to 1.25 percent in 2021 (the years each program reports improper payments, see Figure A2).

Congress requires that each agency's annual financial report (AFR) document a Corrective Action Plan (CAP) stating the actions to be taken by at-risk programs to improve payment integrity. We reviewed the Health and Human Services (HHS) AFRs (Department of Health and Human Services 2023) to identify the actions documented by each program. The 2008 Medicare Part C CAP described two actions. First, monthly payment validation by the agency. Second, national training sessions for Medicare Advantage Plan participants on effective documentation of risk adjustment factors and medical board reviews. The 2010 CAP repeated the 2008 actions and added monthly user group calls along with development of a new study to identify the factors associated with errors that would then be explained in outreach to providers. The 2012 CAP noted that the majority of payment errors were caused by insufficient documentation by plan providers. Corrective actions included those presented in 2008 and 2010 plus contract-level audits and physician outreach. The 2014 CAP reported new regulations requiring providers to report and return overpayments identified by the provider along with a payment recovery and appeal process. The 2016 CAP noted that organizations returned \$317 million in self-reported overpayments and also reported having posted a request for proposal to hire a "Recovery Audit Contractor" (unsuccessfully filled). The 2018 CAP noted that organizations returned \$65 million in self-reported overpayments and reported moving away from large webinar to smaller, in-person training for participating plans. The 2020 CAP reported continuation of previous efforts.

Medicare Part D's 2012 CAP included monthly payment validation in the payment system, national training programs, and plans for "in-depth analyses" to understand improper payments. The 2014 CAP noted continued national training programs, outreach to plan sponsors with invalid documentation, and the regulatory provisions also noted in the Part C plan. The 2016 CAP noted organizations returned \$9.5 million in self-reported overpayments and stated continuation of current corrective action. The 2018 CAP noted return of \$2.1 million in overpayments, a program to distribute Plan Sponsor Summary Reports to plans with history of invalid documentation, and the same change in training as the Part C report. The 2020 CAP reported action on outreach and training only.

The CAPs do not make clear what exactly allowed these two programs to improve their rates of improper payments. But it does appear that vendor education and outreach, to encourage appropriate documentation and to clarify processes and procedures, were central to the efforts of both.

Finally, we note that agencies and programs do seem to have at their disposal corrective actions (i.e. using additional staff or resources) that reduce *net* costs to the agency. For example, in 2017, the Department of Veterans' Affairs implemented a new Computer Matching Agreement (CMA) with the IRS that would allow the VA to access IRS return information needed to determine eligibility and the amount of benefits for VA beneficiaries. The Deputy Under Secretary for Field Operations for the Veterans Benefits Administration, Willie C. Clark, Sr., reported to the Committee on Veterans' Affairs on October 25, 2017 that the CMA estimates the cost of this matching program to be \$10 million for 800,000 names annually, for a net savings of \$48 million in improper payments (House Committee on Veterans' Affairs 2017).

Figure A2: Improving improper payment rates in Medicare Part C and D. Y-axis is improper payment rate. Points are fiscal year estimated improper payment rates, solid line ordinary least-squares fit.

