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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend title 31, United States Code, to establish an Overpayment Czar, strengthen oversight and accountability for improper payments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. MEUSER introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend title 31, United States Code, to establish an Overpayment Czar, strengthen oversight and accountability for improper payments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “PIIA Reform Act”.

5 **SEC. 2. OVERPAYMENT CZAR.**

6 (a) AMENDMENT.—Chapter 5 of title 31, United
7 States Code, is amended by inserting after section 504 the
8 following new section:

1 **“§ 504A. Overpayment Czar**

2 “(a) ESTABLISHMENT.—There is established within
3 the Office of Federal Financial Management a Director
4 of Improper Payment Mitigation, to be referred to as the
5 ‘Overpayment Czar’—

6 “(1) under the direction and control of the Con-
7 troller;

8 “(2) who shall be appointed and may be re-
9 moved by the Director; and

10 “(3) who shall receive a rate of pay fixed by the
11 Director.

12 “(b) DUTIES.—The Overpayment Czar—

13 “(1) shall assist executive agencies in the iden-
14 tification, prevention, and mitigation of improper
15 payments and fraud within Federal programs; and

16 “(2) shall develop and recommend strategies
17 that address improper payment in executive agency
18 payments; and

19 “(3) shall annually submit to the Controller a
20 report that proposes corrective actions to improve
21 payment integrity and combat fraud effectively
22 across the Federal Government.

23 “(c) AUTHORITY TO RECOMMEND POLICY
24 CHANGES.—The Overpayment Czar may recommend pol-
25 icy changes to the Chief Financial Officer of any executive
26 agency to develop reliable estimates of improper payments.

1 “(d) DEFINITIONS.—In this section:

2 “(1) CONTROLLER.—The term ‘Controller’
3 means the Controller of the Office of Federal Finan-
4 cial Management.

5 “(2) DIRECTOR.—The term ‘Director’ means
6 the Director of the Office of Management and Budg-
7 et.

8 “(3) IMPROPER PAYMENT.—The term ‘im-
9 proper payment’ has the meaning given that term in
10 section 3351.”.

11 (b) TECHNICAL AND CONFORMING AMENDMENT.—
12 The table of sections for chapter 5 of title 31, United
13 States Code, is amended by inserting after the item for
14 section 504 the following new item:

“Sec. 504A. Overpayment Czar.”.

15 **SEC. 3. AMENDMENTS TO FINANCIAL MANAGEMENT PLAN**
16 **REQUIREMENTS.**

17 Section 3512(a)(3) of title 31, United States Code,
18 is amended—

19 (1) in subparagraph (A), by inserting “the
20 Overpayment Czar,” after “the Controller of the Of-
21 fice of Federal Financial Management,”; and

22 (2) in subparagraph (B)—

23 (A) in clause (viii), by striking “; and” and
24 inserting a semicolon;

1 (B) in clause (ix), by striking the period at
2 the end and inserting “; and”; and

3 (C) by adding at the end the following:

4 “(x) include a plan to decrease im-
5 proper payments (as defined in section
6 3351) throughout executive agencies.”.

7 **SEC. 4. IMPROPER PAYMENTS.**

8 (a) EXPANDING IMPROPER PAYMENT SCOPE.—Sec-
9 tion 3352 of title 31, United States Code, is amended—
10 (1) in subsection (a)—

11 (A) in paragraph (3)—

12 (i) in subparagraph (A)—

13 (I) in clause (i), by striking “;
14 or” and inserting a semicolon;

15 (II) in clause (ii), by striking the
16 period at the end; and

17 (III) by adding at the end the
18 following new clauses:

19 “(iii) any new Federal program that
20 makes more than \$100,000,000 in pay-
21 ments in the first year of operation;

22 “(iv) for which the Inspector general
23 of the executive agency has an outstanding
24 recommendation in the report required by
25 subsection (b)(2)(E); or

1 “(v) any new Federal program that
2 has or is expected to have outlays exceed-
3 ing \$100,000,000 in any one of the first 3
4 fiscal years of operation and is in the first
5 4 years of operation.”;

6 (ii) in subparagraph (B), in the mat-
7 ter preceding clause (i), by striking “para-
8 graph (1)” and inserting “paragraph
9 (1)(B)”; and

10 (iii) in subparagraph (C), by striking
11 “paragraph (1)” each place it appears and
12 inserting “paragraphs (1) and (4)”; and
13 (B) by adding at the end the following new
14 paragraph:

15 “(4) NEW PROGRAMS AND ACTIVITIES.—

16 “(A) SUSCEPTIBLE TO SIGNIFICANT IM-
17 PROPER PAYMENTS.—In addition to the pro-
18 grams and activities identified under paragraph
19 (1)(B), the head of an executive agency shall
20 identify as susceptible to significant improper
21 payments any program or activity that—

22 “(i) has or is expected to have outlays
23 exceeding \$100,000,000 in any one of the
24 first 3 fiscal years of operation; and

1 “(ii) is in the first 4 years of oper-
2 ation.

3 “(B) APPLICABILITY.—This paragraph
4 shall not apply with respect to any program or
5 activity that the head of the relevant executive
6 agency determines, based on the results of a re-
7 view conducted under paragraph (1), is not sus-
8 ceptible to significant improper payments.”; and
9 (2) in subsection (c)(1), in the matter preceding
10 subparagraph (A), by striking “subsection (a)(1)”
11 and inserting “paragraphs (1) and (4) of subsection
12 (a)”.

13 (b) AUTHORITY TO REQUIRE DATA REPORTING FOR
14 IMPROPER PAYMENT ESTIMATION UNDER THE TANF
15 PROGRAM.—Section 417 of the Social Security Act (42
16 U.S.C. 617) is amended by striking the period at the end
17 and inserting “or as the Secretary may determine is nec-
18 essary to carry out subsections (a) through (e) of section
19 3352 of title 31, United States Code, with respect to any
20 program or activity authorized by this part.”.

21 (c) MECHANISM FOR NONCOMPLIANCE.—Section
22 3353 of title 31, United States Code, is amended by add-
23 ing at the end the following new subsection:

24 “(e) SPECIAL ADJUSTMENT FOR PERSISTENT NON-
25 COMPLIANCE.—

1 “(1) IN GENERAL.—Beginning with the first
2 fiscal year after the date of the enactment of this
3 subsection, any executive agency which is in a state
4 of noncompliance according to subsection (b)(1)
5 shall have its highest-level administrative appropria-
6 tion account reduced in the final sequestration re-
7 port issued under the Balanced Budget and Emer-
8 gency Deficit Control Act of 1985 for that fiscal
9 year by an amount equal to 5 percent of the total
10 budget authority provided for that account in the
11 most recently enacted applicable appropriation Act.

12 “(2) FOR TWO OR MORE YEARS.—If the execu-
13 tive agency is noncompliant for two or more fiscal
14 years after the date of the enactment of this sub-
15 section, then the highest-level administrative appro-
16 priation account shall be reduced in the final seques-
17 tration report issued under the Balanced Budget
18 and Emergency Deficit Control Act of 1985 for that
19 fiscal year by an amount equal to 10 percent of the
20 total budget authority provided for that account in
21 the most recently enacted applicable appropriation
22 Act.”.

23 (d) REPORTS.—Subsection (d) of section 3357 of title
24 31, United States Code, is amended to read as follows:

25 “(d) REPORTS.—

1 “(1) IN GENERAL.—For each fiscal year begin-
2 ning in the first fiscal year after the date of the en-
3 actment of this subsection, and in each of the fol-
4 lowing 9 fiscal years, the head of each agency shall
5 submit to Congress, in the report containing the an-
6 nual financial statement of the agency, a report on
7 the following:

8 “(A) The progress of the agency in the fol-
9 lowing:

10 “(i) The implementation of the fol-
11 lowing:

12 “(I) The financial and adminis-
13 trative controls required to be estab-
14 lished under subsection (c)(1).

15 “(II) The fraud risk principles in
16 the Standards for Internal Control in
17 the Federal Government of the Gov-
18 ernment Accountability Office.

19 “(III) Circular A–123 of the Of-
20 fice of Management and Budget with
21 respect to the leading practices for
22 managing fraud risk.

23 “(ii) The identification of fraud risks
24 and vulnerabilities, including with respect
25 to payroll, beneficiary payments, grants,

1 large contracts, and purchase and travel
2 cards.

3 “(iii) The establishment of strategies,
4 procedures, and other steps to curb fraud.

5 “(B) Information on the status of imple-
6 menting each of the 11 leading practices identi-
7 fied in the report published by the Government
8 Accountability Office on July 28, 2015, entitled
9 ‘Framework for Managing Fraud Risks in Fed-
10 eral Programs’.

11 “(2) FULFILLMENT OF REPORTING REQUIRE-
12 MENT.—If the annual financial statement of an
13 agency, or an alternative report of the agency in-
14 cluded in the annual financial statement, includes
15 information that fulfills the requirements of this
16 subsection, the head of the agency may include a
17 brief statement to that effect in the financial state-
18 ment or alternative report without duplicating the
19 information required under this subsection in a sep-
20 arate or standalone report.”.

21 (e) GREATER STATE INVESTMENT IN PAYMENT IN-
22 TEGRITY SYSTEMS.—

23 (1) IN GENERAL.—Chapter 33 of title 31,
24 United States Code, is amended by adding at the
25 end the following new section:

1 **“§ 3359. Greater use of payment integrity tools by**
2 **States**

3 “(a) INCREASING USE OF PAYMENT INTEGRITY
4 TOOLS BY STATE ADMINISTRATORS.—

5 “(1) IN GENERAL.—Any State that receives
6 funding in a program described under paragraph (2)
7 shall use each applicable payment integrity tool pub-
8 lished pursuant to paragraph (3) and submit a re-
9 port on the effectiveness of each such tool in accord-
10 ance with subsection (b).

11 “(2) PROGRAMS.—The programs described
12 under this paragraph include the following:

13 “(A) The program of block grants to
14 States for temporary assistance for needy fami-
15 lies under part A of title IV of the Social Secu-
16 rity Act.

17 “(B) The Medicaid program under title
18 XIX of the Social Security Act.

19 “(C) The supplemental nutrition assistance
20 program under the Food and Nutrition Act of
21 2008 (7 U.S.C. 2011 et seq.).

22 “(D) The Federal-State unemployment
23 compensation program under titles III, IX, and
24 XII of the Social Security Act.

25 “(E) The special supplemental nutrition
26 program for women, infants, and children es-

1 tablished by section 17 of the Child Nutrition
2 Act of 1966 (42 U.S.C. 1786).

3 “(3) PAYMENT INTEGRITY TOOLS.—The Direc-
4 tor of the Office of Management and Budget shall
5 publish a list of payment integrity tools that each
6 State shall use to reduce overpayments.

7 “(b) CERTIFICATION OF COMPLIANCE.—Not later
8 than September 30 of each year, each State shall submit
9 to the Director of the Office of Management and Budget
10 a report that includes—

11 “(1) the usage by that State of payment integ-
12 rity tools; and

13 “(2) an analysis on the effect of using payment
14 integrity tools.

15 “(c) NONCOMPLIANCE.—If a State does not use pay-
16 ment integrity tools as required by this section, that State
17 shall remit payment to the Treasury for the total amount
18 of overpayment in any program covered by this section.”.

19 “(2) CLERICAL AMENDMENT.—The table of sec-
20 tions for chapter 33 of title 31, United States Code,
21 is amended by adding at the end the following item:

“3359. Greater use of payment integrity tools by States.”.

22 “(3) EFFECTIVE DATE.—Section 3359 of title
23 31, United States Code, as added by paragraph (1),
24 shall take effect on the date that is one year after
25 the date of the enactment of this Act.

1 (f) WORKING SYSTEM DATA SHARING.—Section
2 205(r)(11) of the Social Security Act is amended—

3 (1) by striking “During the 3-year period that
4 begins on the effective date of this paragraph, the”
5 and inserting “The”; and

6 (2) by striking “to prevent improper payments
7 to deceased individuals” and inserting “for the au-
8 thorized uses of the Do Not Pay working system”.