

Report in Brief

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Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) reimburses Medicare contractors for a portion of their pension costs, which are funded by the annual contributions that these contractors make to their pension plans.

At CMS's request, the HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to qualified defined-benefit plans and any other pension-related cost elements claimed by Medicare contractors through Final Administrative Cost Proposals (FACPs).

Previous OIG reviews found that Medicare contractors did not always comply with Federal requirements when claiming pension costs for Medicare reimbursement.

Our objective was to determine whether the fiscal years (FYs) 2008 and 2009 pension costs that First Coast Service Options, Inc. (FCSO), claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its Final Administrative Cost Proposals (FACPs), were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$6.34 million of pension costs that FCSO claimed for Medicare reimbursement on its FACPs for FYs 2008 and 2009.

First Coast Service Options, Inc., Generally Claimed Allowable Medicare Pension Costs

What OIG Found

The FYs 2008 and 2009 pension costs that FCSO claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were generally allowable. FCSO claimed pension costs of \$6.34 million for Medicare reimbursement for FYs 2008 and 2009; however, we determined that the allowable Cost Accounting Standards (CAS)-based pension costs during this period were \$6.31 million. The difference, \$33,619, represented unallowable fiscal intermediary and carrier contract Medicare pension costs that FCSO claimed on its FACPs for FYs 2008 and 2009. FCSO claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrectly calculated CAS pension costs.

What OIG Recommends and Auditee Comments

We recommend that FCSO revise its FACPs for FYs 2008 and 2009 to reduce its claimed Medicare pension costs by \$33,619.

FCSO agreed with our recommendation and stated that it would reimburse CMS \$33,619 for pension costs.