

Report in Brief

Date: July 2017

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Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of Medicare contractors' costs for postretirement benefit (PRB) plans. At CMS's request, the OIG, Office of Audit Services, Region VII pension audit team reviews the Medicare segment PRB assets to ensure compliance with Federal requirements.

Previous OIG reviews found that Medicare contractors have not always complied with Federal requirements when claiming PRB costs for Medicare reimbursement.

Our objective was to determine whether the fiscal years (FYs) 2008 and 2009 PRB 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 \$3.4 million of PRB costs claimed by FCSO for Medicare reimbursement on its FACPs.

First Coast Service Options, Inc., Did Not Claim Some Allowable Medicare Postretirement Benefit Costs

What OIG Found

FCSO did not claim some allowable PRB costs under its fiscal intermediary and carrier contracts for FYs 2008 and 2009. FCSO claimed PRB costs of \$3.4 million for Medicare reimbursement for FYs 2008 and 2009; however, we determined that the allowable PRB costs during this period were \$3.5 million. The difference, \$96,000, represented allowable fiscal intermediary and carrier contract Medicare PRB costs that FCSO did not claim on its FACPs for FYs 2008 and 2009. FCSO did not claim these allowable Medicare PRB costs primarily because it based its claim for Medicare reimbursement on incorrectly calculated Cost Accounting Standards PRB costs.

What OIG Recommends and Auditee Comments

We recommend that FCSO revise its FACPs for FYs 2008 and 2009 to increase its claimed Medicare PRB costs by \$96,000.

FCSO agreed with our recommendation and stated that it would request reimbursement for \$96,000 of PRB costs.