

Report in Brief

Date: August 2017

Report No. A-07-17-00508

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

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

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

Our objective was to determine whether the fiscal years (FYs) 2005 through 2011 pension costs that TrailBlazer Health Enterprises, LLC (TrailBlazer), claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$16.2 million of pension costs claimed by TrailBlazer for Medicare reimbursement on its FACPs for FYs 2005 through 2011. The TrailBlazer Medicare segment closed effective April 30, 2013; therefore, the auditee requested that we address our recommendation to Palmetto Government Benefits Administrator (Palmetto).

TrailBlazer Health Enterprises, LLC, Did Not Claim Some Allowable Medicare Pension Costs

What OIG Found

TrailBlazer claimed FYs 2005 through 2011 pension costs of \$16.2 million for Medicare reimbursement; however, we determined that the allowable Cost Accounting Standards (CAS)-based pension costs during this period were \$20.5 million. The difference, \$4.3 million, represented allowable fiscal intermediary and carrier contract Medicare pension costs that TrailBlazer should have claimed on its FACPs for FYs 2005 through 2011. TrailBlazer did not claim these allowable Medicare pension costs because it did not claim CAS-based pension costs on its FACPs.

What OIG Recommends and Auditee Comments

We recommend that Palmetto revise TrailBlazer's FACPs for FYs 2005 through 2011 to increase its claimed Medicare pension costs by \$4.3 million.

Palmetto concurred with our recommendation.