

Report in Brief

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



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 Incurred Cost Proposals.

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

The objective of this review was to determine whether the allocable pension costs that Companion Data Services, LLC (CDS), calculated, under the provisions of its enterprise data center (EDC) contract, for calendar years (CYs) 2008 through 2012 complied with Federal requirements.

How OIG Did This Review

We reviewed \$7.668 million of allocable pension costs used by CDS in the calculation of its indirect cost rates, under the provisions of its EDC-related contracts, for CYs 2008 through 2012.

Companion Data Services, LLC, Understated Its Allocable Pension Costs

What OIG Found

The allocable pension costs that CDS calculated did not comply with Federal requirements. Specifically, for CYs 2008 through 2012, CDS identified allocable pension costs of \$7.668 million; however, we determined that the allocable pension costs during this period were \$7.698 million. Thus, CDS understated its allocable pension costs by \$30,436. This understatement occurred because CDS did not calculate costs in accordance with Federal regulations.

What OIG Recommends and CDS Comments

We recommend that CDS increase the allocable pension costs for CYs 2008 through 2012 by \$30,436.

CDS accepted our recommendation.