CGS Administrators, LLC, Did Not Claim Some Allowable Pension Costs Through Its Incurred Cost Proposals

What OIG Found
CGS claimed pension costs of $71,287 for Medicare reimbursement, through its ICP, for CY 2011. However, we determined that the allowable pension costs during this period were $83,762. The difference, $12,475, represented allowable Medicare pension costs that CGS did not claim on its ICP for CY 2011. CGS did not claim these allowable Medicare pension costs primarily because it (1) did not allocate the correct pension costs to CGS and (2) used incorrect indirect cost rates when claiming pension costs for Medicare reimbursement.

What OIG Recommends and Auditee Comments
We recommend that CGS work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare pension costs of $12,475 for CY 2011.

CGS accepted our recommendation and said that it assumed that the repayment would be negotiated and settled with CMS. CGS added that it would make the necessary adjustments to the ICP.