Wisconsin Physicians Service Insurance Corporation Did Not Claim Some Allowable Medicare Pension Costs

What OIG Found
WPS claimed FYs 2008 through 2013 pension costs of $11.8 million for Medicare reimbursement; however, we determined that the allowable Cost Accounting Standards (CAS)-based pension costs during this period were $12.8 million. The difference, $1.0 million, represented allowable Medicare pension costs that WPS should have claimed on its FACPs for FYs 2008 through 2013. WPS did not claim these allowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on an incorrectly calculated CAS pension cost.

What OIG Recommends and Auditee Comments
We recommend that WPS revise its FACPs for FYs 2008 through 2013 to claim additional Medicare pension costs of $1.0 million.

WPS did not concur with our findings and, by extension, with the dollar amount in our recommendation. WPS referred to its comments on related OIG reports and stated that it believes that its calculation of pension costs did comply with Federal regulations and that its computation of assignable pension cost for calendar year (CY) 2013 was accurate. In the context of its comments on related reports, WPS stated that the difference between its calculations of some Medicare segment pension assets and our own calculations was because it amortized the impact of a CY 2012 plan change over 1 year (instead of 10 years).

After reviewing WPS’s comments on this and related draft reports, we revised the dollar amounts in our findings and recommendation for this report. We maintain that our findings and recommendation, as modified, are valid. WPS cannot amortize the impact of the CY 2012 plan change over a 1-year period because the 10-year amortization requirement appears in CAS 413.