

Report in Brief

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



Why OIG Did This Review

Certain Medicare contractors are required to separately account for the Medicare segment pension plan assets based on the requirements of their Medicare contracts and Cost Accounting Standards (CAS) 412 and 413.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the Medicare segment pension assets to ensure compliance with Federal regulations.

Previous OIG reviews found that Medicare contractors did not always correctly identify and update the segmented pension assets.

Our objectives were to determine whether Cahaba Government Benefits Administrators, LLC (Cahaba GBA), complied with Federal requirements, the Medicare contracts' pension segmentation requirements, and its established cost accounting practice when (1) implementing the prior audit recommendation to decrease the Cahaba GBA Medicare segment pension assets as of January 1, 2009, and (2) updating the Cahaba GBA Medicare segment pension assets from January 1, 2009, to January 1, 2014.

How OIG Did This Review

We reviewed Cahaba GBA's implementation of the prior audit recommendation, its identification of its Medicare segment, and its update of the Medicare segment pension assets from January 1, 2009, to January 1, 2014.

Cahaba Government Benefits Administrators, LLC, Overstated Its Medicare Segment Pension Assets

What OIG Found

Cahaba GBA implemented our prior audit recommendation to decrease the Medicare segment pension assets by \$26,556 as of January 1, 2009. Regarding our second objective, Cahaba GBA did not correctly update the Medicare segment pension assets from January 1, 2009, to January 1, 2014, in accordance with Federal requirements and the Medicare contracts' pension segmentation requirements. Cahaba GBA identified \$26.148 million as the Medicare segment pension assets as of January 1, 2014; however, we determined that the Medicare segment pension assets were \$25.526 million as of that date. Therefore, Cahaba GBA overstated the Medicare segment pension assets as of January 1, 2014, by \$622,074. Cahaba GBA overstated its Medicare segment's pension assets because it did not have policies and procedures to ensure that it calculated those assets in accordance with Federal requirements, the pension segmentation language of its Medicare contracts, and its established cost accounting practice when updating the Medicare segments' pension assets from January 1, 2009, to January 1, 2014.

What OIG Recommends and Auditee Comments

We recommend that Cahaba GBA decrease the Medicare segment pension assets by \$622,074 and recognize \$25.526 million as the Medicare segment pension assets as of January 1, 2014, and establish policies and procedures to ensure compliance with Federal requirements and the pension segmentation language of the Medicare contracts.

Cahaba GBA agreed with our recommendation to decrease the Medicare segment pension assets as of January 1, 2014, by \$622,074 and recognize \$25.526 million as the Medicare segment pension assets. In addition, Cahaba GBA stated that it would strengthen controls to ensure that the Medicare segment's assets are updated in accordance with the Medicare contracts.