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 objective was to determine whether Cahaba Safeguard Administrators, LLC (Cahaba CSA), complied with Federal requirements and its established cost accounting practice when updating the Cahaba CSA Medicare segment pension assets from January 1, 2009, to January 1, 2014.

How OIG Did This Review
We reviewed Cahaba CSA’s update of the Medicare segment pension assets from January 1, 2009, to January 1, 2014.

Cahaba Safeguard Administrators, LLC, Understated Its Medicare Segment Pension Assets

What OIG Found
Cahaba CSA did not correctly update the Medicare segment pension assets from January 1, 2009, to January 1, 2014, in accordance with Federal requirements and its established cost accounting practice. Cahaba CSA identified $7.363 million as the Medicare segment pension assets as of January 1, 2014; however, we determined that the Medicare segment pension assets were $7.654 million as of that date. Therefore, Cahaba CSA understated the Medicare segment pension assets as of January 1, 2014, by $290,831. Cahaba CSA understated 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 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 CSA increase the Medicare segment pension assets by $290,831 and recognize $7.654 million as the Medicare segment pension assets as of January 1, 2014, and establish policies and procedures to ensure compliance with Federal requirements.

Cahaba CSA agreed with our recommendation to increase the Medicare segment pension assets as of January 1, 2014, by $290,831 and recognize $7.654 million as the Medicare segment pension assets. In addition, Cahaba CSA stated that it would strengthen controls to ensure that the Medicare segment’s assets are updated in accordance with the Medicare contracts.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/71700523.asp.