

Report in Brief

Date: June 2018

Report No. A-07-17-00528

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, postretirement benefit, and any other pension-related cost elements claimed by Medicare contractors through Incurred Cost Proposals (ICPs).

Our objective of this review was to determine whether the calendar years (CYs) 2008 through 2011 pension costs that Companion Data Services, LLC (CDS), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$3.03 million of Medicare pension costs that CDS claimed for Medicare reimbursement on its ICPs for CYs 2008 through 2011.

Companion Data Services, LLC, Did Not Claim Some Allowable Pension Costs Through Its Incurred Cost Proposals

What OIG Found

CDS claimed pension costs of \$3.03 million for Medicare reimbursement, through its ICPs, for CYs 2008 through 2011. However, we determined that the allowable pension costs during this period were \$3.05 million. The difference, \$17,943, represented allowable Medicare pension costs that CDS did not claim on its ICPs for CYs 2008 through 2011. CDS did not claim these allowable Medicare pension costs primarily because it (1) did not allocate the correct pension costs as stated in our previous audit reports of CDS's and Blue Cross Blue Shield of South Carolina's (of which CDS is a subsidiary) allocable pension costs and (2) used incorrect indirect cost rates when claiming pension costs for Medicare reimbursement.

What OIG Recommends

We recommend that CDS work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare pension costs of \$17,943 for CYs 2008 through 2011.

CDS concurred with our recommendation and stated that it would work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare pension costs of \$17,943.