**Wisconsin Physicians Service Insurance Corporation Understated Medicare’s Share of the Medicare Segment Excess Pension Assets**

**What OIG Found**
WPS did not concur with our recommendation in the prior WPS MPP segmentation audit (A-07-17-00518) to increase the Medicare segment pension assets by $3.2 million as of December 31, 2013. Consequently, WPS did not implement our recommendation.

WPS did not comply with Federal requirements when determining Medicare’s share of the Medicare segment excess pension liabilities as of the benefit curtailment date. WPS calculated Medicare’s share of the excess pension liabilities as of December 31, 2013, to be $3.9 million. We determined, however, that Medicare’s share of the surplus of pension assets was $13.8 million as of that date. Therefore, WPS understated Medicare’s share of the surplus of Medicare segment pension assets by $17.7 million. WPS understated these assets because its calculation used an unreasonable long-term interest rate that did not comply with CAS 413.

**What OIG Recommends and Auditee Comments**
We recommend that WPS increase Medicare’s share of the Medicare segment excess pension assets as of December 31, 2013, by $17.7 million and recognize $13.8 million as Medicare’s share of the excess pension assets as a result of the benefit curtailment.

WPS disagreed with our findings. Specifically, WPS cited its comments on our prior MPP segmentation report (A-07-17-00518) to support its disagreement with the $3.2 million Medicare pension asset amount that we calculated as of December 31, 2013. WPS also stated that the long-term interest rate that it used to compute its accrued liabilities was required by CAS 413.

We maintain that our findings and recommendations in our prior report, as modified, remain valid and as such are valid to be used to calculate Medicare’s share of the excess pension assets for this current report. Also, the long-term interest rate that WPS used did not comply with CAS 413, and we maintain that our use of a higher long-term interest rate, based on an average of historical assumptions, was reasonable for our calculation of WPS’s liabilities as a result of the benefit curtailment.

The full report can be found at [https://oig.hhs.gov/oas/reports/region7/71700529.asp](https://oig.hhs.gov/oas/reports/region7/71700529.asp)