Why OIG Did This Review
The Centers for Medicare & Medicaid Services (CMS) reimburses contractors for a portion of their pension costs, which are funded by the annual contributions that 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 plans and any other pension-related cost elements claimed by Medicare contractors through Incurred Cost Proposals (ICPs).

Previous OIG reviews found that Medicare contractors have not always complied with Federal requirements when claiming pension costs for Medicare reimbursement.

Our objective was to determine whether the calendar years (CYs) 2008 through 2010 pension costs that First Coast Service Options, Inc. (FCSO), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

How OIG Did This Review
We reviewed $6.68 million of Medicare pension costs that FCSO reported on its ICPs for CYs 2008 through 2010.

First Coast Service Options, Inc., Generally Claimed Allowable Pension Costs Through Its Incurred Cost Proposals

What OIG Found
The CYs 2008 through 2010 pension costs that FCSO claimed for Medicare reimbursement, and reported on its ICPs, were generally allowable and correctly claimed. Specifically, FCSO claimed Medicare pension costs of $6.68 million for Medicare reimbursement, through its ICPs, for CYs 2008 through 2010. However, we determined that the allowable Cost Accounting Standards-based pension costs during this period were $6.64 million. The difference, $43,835, represented unallowable Medicare pension costs that FCSO claimed on its ICPs for CYs 2008 through 2010. FCSO claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrectly computed assignable pension costs.

What OIG Recommends and Auditee Comments
We recommend that FCSO work with CMS to ensure that FCSO’s final settlement of contract costs reflects a decrease in Medicare pension costs of $43,835 for CYs 2008 through 2010.

FCSO concurred with our recommendation and stated that it would work with CMS to ensure that final settlement costs reflect a decrease in Medicare pension costs of $43,835 for CYs 2008 through 2010.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/71800534.asp.