

## 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 National Government Services, Inc. (NGS), complied with Federal requirements and the Medicare contracts' pension segmentation requirements when (1) implementing the prior audit recommendation to increase the NGS Plan A Medicare segment pension assets as of January 1, 2010, and (2) updating the NGS Plan A Medicare segment pension assets from January 1, 2010, to January 1, 2015.

### How OIG Did This Review

We reviewed NGS's implementation of the prior audit recommendation, its identification of its Plan A Medicare segment, and its update of the Plan A Medicare segment pension assets from January 1, 2010, to January 1, 2015.

## National Government Services, Inc., Understated Its Plan A Medicare Segment Pension Assets

### What OIG Found

NGS implemented our prior audit recommendation to increase the Medicare segment pension assets by \$1.2 million as of January 1, 2010. Regarding our second objective, NGS did not correctly update the Plan A Medicare segment pension assets from January 1, 2010, to January 1, 2015, in accordance with Federal requirements and the Medicare contracts' pension segmentation requirements. NGS identified \$8.76 million as the Plan A Medicare segment pension assets as of January 1, 2015; however, we determined that the Plan A Medicare segment pension assets were \$8.78 million as of that date. Therefore, NGS understated the Plan A Medicare segment pension assets as of January 1, 2015, by \$21,152. NGS understated those pension assets because it did not have quality assurance procedures to ensure that it calculated those assets in accordance with Federal requirements when updating the Medicare segments' pension assets from January 1, 2010, to January 1, 2015.

### What OIG Recommends and Auditee Comments

We recommend that NGS increase the Plan A Medicare segment pension assets by \$21,152 and recognize \$8.78 million as the Plan A Medicare segment pension assets as of January 1, 2015, and develop quality assurance procedures to ensure that, going forward, it calculates Medicare segment pension assets in accordance with Federal requirements.

NGS concurred with our findings and recommendations and said that it would make the appropriate adjustment to its Medicare segment pension assets. With respect to our second recommendation, NGS said that it would review the processes in place to update the Medicare segment plan assets to ensure that those processes follow Federal requirements.