

## Report in Brief

Date: November 2018

Report No. A-07-18-00543

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### 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 Final Administrative Cost Proposals (FACPs).

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

Our objective was to determine whether the fiscal years (FYs) 2010 through 2013 pension costs that National Government Services, Inc. (NGS), claimed for Medicare reimbursement, and reported on its FACPs, were allowable and correctly claimed.

### How OIG Did This Review

We reviewed \$6.04 million of Medicare pension costs that NGS claimed for Medicare reimbursement on its FACPs for FYs 2010 through 2013.

## National Government Services, Inc., Claimed Some Unallowable Medicare Pension Costs

### What OIG Found

NGS claimed FYs 2010 through 2013 pension costs of \$6.04 million for Medicare reimbursement; however, we determined that the allowable Cost Accounting Standards-based pension costs during this period were \$5.28 million. The difference, \$763,067, represented unallowable Medicare pension costs that NGS claimed on its FACPs for FYs 2010 through 2013. NGS claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrect cost information.

### What OIG Recommends and Auditee Comments

We recommend that NGS revise its FACPs for FYs 2010 through 2013 to reduce its claimed Medicare pension costs by \$763,067.

NGS concurred with our finding and recommendation and said that it would work with CMS to adjust and settle cost statements to reflect allowable pension costs identified in our report.