

## Report in Brief

Date: November 2019

Report No. A-07-18-00547

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



### Why OIG Did This Review

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 Noridian Healthcare Solutions, LLC (NHS), complied with Federal requirements and the Medicare contracts' pension segmentation requirements when (1) implementing the prior audit recommendation to increase the NHS Medicare segment pension assets as of January 1, 2011, and (2) updating the NHS Medicare segment pension assets from January 1, 2011, to January 1, 2016.

### How OIG Did This Review

We reviewed NHS's implementation of the prior audit recommendation; identification of its Medicare segment; and its update of the Medicare segment pension assets from January 1, 2011, to January 1, 2016.

## Noridian Healthcare Solutions, LLC, Understated Its Medicare Segment Pension Assets

### What OIG Found

NHS implemented our prior audit recommendation to increase the Medicare segment pension assets by \$2.4 million as of January 1, 2011. Regarding our second objective, NHS did not correctly update the Medicare segment pension assets from January 1, 2011, to January 1, 2016, in accordance with Federal requirements and the Medicare contracts' pension segmentation requirements. NHS identified \$28.65 million as the Medicare segment pension assets as of January 1, 2016; however, we determined that the Medicare segment pension assets were \$30.22 million as of that date. Therefore, NHS understated the Medicare segment pension assets as of January 1, 2016, by \$1.57 million. NHS understated its Medicare segment's pension assets because it did not have policies and procedures to ensure that it calculated those assets in accordance with Federal requirements and the pension segmentation language of its Medicare contracts when updating the Medicare segment pension assets from January 1, 2011, to January 1, 2016.

### What OIG Recommends and Auditee Comments

We recommend that NHS increase the Medicare segment pension assets by \$1.57 million and recognize \$30.22 million as the Medicare segment pension assets as of January 1, 2016, and establish policies and procedures to ensure compliance with Federal requirements and the pension segmentation language of the Medicare contracts.

NHS concurred with our recommendations. NHS stated that it would make the recommended asset adjustments and carry those adjustments forward to the plan termination date of December 31, 2018.