

Report in Brief

Date: November 2019

Report No. A-07-18-00548



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) 2011 through 2013 qualified defined-benefit plan pension costs (pension costs) that Noridian Healthcare Solutions, LLC (NHS), claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$2.88 million of Medicare pension costs that NHS claimed for Medicare reimbursement on its FACPs for FYs 2011 through 2013.

Noridian Healthcare Solutions, LLC, Claimed Some Unallowable Medicare Pension Costs

What OIG Found

NHS claimed FYs 2011 through 2013 pension costs of \$2.88 million for Medicare reimbursement; however, we determined that the allowable Cost Accounting Standards (CAS)-based pension costs during this period were \$2.69 million. The difference, \$190,799, represented unallowable Medicare pension costs that NHS claimed on its FACPs for FYs 2011 through 2013. NHS claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrectly calculated CAS pension costs.

What OIG Recommends and Auditee Comments

We recommend that NHS revise its FACPs for FYs 2011 through 2013 to reduce its claimed Medicare pension costs by \$190,799.

NHS concurred with our recommendation. NHS stated that it would work with CMS to reduce its claimed Medicare pension costs by \$190,799 in the closeout agreements for FYs 2011 through 2013.