

Report in Brief

Date: November 2019

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Why OIG Did This Review

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

Previous OIG reviews found that Medicare contractors did not always correctly identify and claim pension costs.

Our objective was to determine whether the calendar years (CYs) 2009 through 2013 qualified defined-benefit plan pension costs that Noridian Healthcare Solutions, LLC (NHS), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$19.5 million of Medicare pension costs that NHS claimed for Medicare reimbursement on its ICPs for CYs 2009 through 2013.

Noridian Healthcare Solutions, LLC, Claimed Some Unallowable Medicare Pension Costs Through Its Incurred Cost Proposals

What OIG Found

NHS claimed pension costs of \$19.5 million for Medicare reimbursement, through its ICPs, for CYs 2009 through 2013; however, we determined that the allowable Cost Accounting Standards-based pension costs during this period were \$18.6 million. The difference, \$826,668, represented unallowable Medicare pension costs that NHS claimed on its ICPs for CYs 2009 through 2013. NHS claimed these unallowable Medicare pension costs primarily because it used incorrect indirect cost rates when claiming pension costs for Medicare reimbursement.

What OIG Recommends and Auditee Comments

We recommend that NHS work with CMS to ensure that its final settlement of contract costs reflects a decrease in Medicare pension costs of \$826,668 for CYs 2009 through 2013.

NHS concurred with our recommendation. NHS stated that it would ensure that the final settlement reflected a decrease in Medicare pension costs of \$826,668 for CYs 2009 through 2013.