

Report in Brief

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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 postretirement benefit (PRB) costs. Actual payments can be reimbursed under the pay-as-you-go methodology.

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).

Our objective was to determine whether the fiscal years (FYs) 2010 through 2013 PRB costs that National Government Services, Inc. (NGS), 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 \$1.8 million of Medicare PRB costs that NGS claimed for Medicare reimbursement on its FACPs for CYs 2010 through 2013.

National Government Services, Inc., Did Not Claim Some Allowable Medicare Postretirement Benefit Costs

What OIG Found

NGS claimed FYs 2010 through 2013 PRB costs of \$1.8 million for Medicare reimbursement; however, we determined that the allowable PRB costs during this period were \$2.9 million. The difference, \$1.1 million, represented allowable Medicare PRB costs that NGS did not claim on its FACPs for FYs 2010 through 2013. NGS did not claim these allowable Medicare PRB costs primarily because it based its claim for Medicare reimbursement on an incorrect methodology.

What OIG Recommends and Auditee Comments

We recommend that NGS revise its FACPs for FYs 2010 through 2013 to increase its claimed Medicare PRB costs by \$1.1 million.

NGS concurred with our finding and recommendation and said that it would work with CMS to seek reimbursement for the additional allowable PRB cost identified in our report.