

## Report in Brief

Date: November 2019  
Report No. A-07-19-00569

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, which are funded by the contributions that contractors make to their dedicated trust fund.

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, PRB, 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 PRB costs for Medicare reimbursement.

Our objective was to determine whether the fiscal years (FYs) 2011 through 2013 PRB 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 negative \$159,399 of PRB costs claimed by NHS for Medicare reimbursement on its FACPs for FYs 2011 through 2013. (Negative PRB costs represent reimbursements of prior contributions in cases when there is a plan change because a contractor reduces benefits already earned by plan participants.)

## Noridian Healthcare Solutions, LLC, Claimed Some Unallowable Medicare Postretirement Benefit Costs

### What OIG Found

NHS claimed FYs 2011 through 2013 PRB costs of negative \$159,399 for Medicare reimbursement; however, we determined that the allowable PRB costs during this period were negative \$263,130. The difference, negative \$103,731, represented unallowable Medicare PRB costs that NHS claimed on its FACPs for FYs 2011 through 2013. NHS claimed these unallowable Medicare PRB costs primarily because it incorrectly calculated the assignable PRB costs for this time period.

### What OIG Recommends and Auditee Comments

We recommend that NHS revise its FACPs for FYs 2011 through 2013 to decrease its Medicare PRB costs by \$103,731.

NHS concurred with our recommendation. NHS stated that it would work with CMS to decrease its Medicare PRB costs by \$103,731 in the closeout agreement for FYs 2011 through 2013.