

Report in Brief

Date: November 2019

Report No. A-07-19-00573

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



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of its contractors' nonqualified plan (nonqualified) costs.

At CMS's request, the HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to nonqualified plans and any other pension-related cost elements claimed by Medicare contractors through Incurred Cost Proposals (ICPs).

Previous OIG audits found that Medicare contractors did not always comply with Federal requirements when claiming nonqualified costs for Medicare reimbursement.

Our objective was to determine whether the calendar years (CYs) 2009 through 2013 nonqualified 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 Audit

We reviewed \$1.7 million of nonqualified costs that NHS claimed for Medicare reimbursement on its ICPs for CYs 2009 through 2013.

Noridian Healthcare Solutions, LLC, Did Not Claim Allowable Medicare Nonqualified Costs Through Its Incurred Cost Proposals

What OIG Found

NHS claimed CYs 2009 through 2013 nonqualified costs of \$1.7 million for Medicare reimbursement; however, we determined that the allowable nonqualified costs during this period were \$3.2 million. The difference, \$1.5 million, represented allowable Medicare nonqualified costs that NHS did not claim on its ICPs for CYs 2009 through 2013. NHS did not claim these allowable Medicare nonqualified costs primarily because it did not calculate these costs in accordance with Federal regulations and the Medicare contracts' requirements.

What OIG Recommends and Auditee Comments

We recommend that NHS work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare nonqualified costs of \$1.5 million for CYs 2009 through 2013.

NHS concurred with our recommendation. NHS stated that it would ensure that its final settlement of contract costs reflected an increase in Medicare nonqualified costs of \$1.5 million for CYs 2009 through 2013.