

Report in Brief

Date: April 2020

Report No. A-07-20-00587

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



Why OIG Did This Audit

Medicare contractors are required to separately account for the Medicare segment pension plan assets based on the requirements of Cost Accounting Standards (CAS) 412 and 413.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the Medicare segment pension assets to ensure compliance with Federal regulations. Previous OIG audits found that Medicare contractors did not always correctly identify and update the segmented pension assets.

Our objectives were to determine whether Companion Data Services, LLC (CDS), complied with Federal requirements with respect to its established cost accounting practice when (1) implementing the prior audit recommendation to decrease the Medicare segment pension assets as of January 1, 2013, and (2) updating the Medicare segment pension assets from January 1, 2013, to January 1, 2017.

How OIG Did This Audit

We reviewed CDS's implementation of the prior audit recommendation, its identification of its Medicare segment, and its update of the Medicare segment pension assets from January 1, 2013, to January 1, 2017.

Companion Data Services, LLC, Overstated Its Medicare Segment Pension Assets as of January 1, 2017

What OIG Found

CDS accepted our prior audit recommendation to decrease the Medicare segment pension assets by \$117,880 as of January 1, 2013. We were unable, however, to determine whether CDS had actually implemented this recommendation. Regarding our second objective, CDS did not correctly update the Medicare segment pension assets from January 1, 2013, to January 1, 2017, in accordance with Federal requirements with respect to its established cost accounting practice. CDS identified \$18.1 million as the Medicare segment pension assets as of January 1, 2017; however, we determined that those assets were \$17.3 million as of that date. Therefore, CDS overstated the Medicare segment pension assets as of January 1, 2017, by \$777,081. CDS overstated those pension assets because it did not have policies and procedures to ensure that it calculated those assets in accordance with Federal requirements with respect to its established cost accounting practice when updating the Medicare segment's pension assets from January 1, 2013, to January 1, 2017.

What OIG Recommends and Auditee Comments

We recommend that CDS decrease the Medicare segment pension assets by \$777,081 and recognize \$17.3 million as the Medicare segment pension assets as of January 1, 2017, and establish policies and procedures to ensure compliance with Federal requirements. CDS concurred with our recommendations.