Noridian Healthcare Solutions, LLC, Claimed Unallowable Medicare Nonqualified Restoration Savings Plan Costs Through Its Incurred Cost Proposals

What OIG Found
NHS claimed CYs 2015 and 2016 restoration costs of $164,839 for Medicare reimbursement; however, we determined that the allowable restoration costs during this period were $4,524. The difference, $160,315, represented unallowable Medicare restoration costs that NHS claimed on its ICPs for CYs 2015 and 2016. NHS claimed these unallowable Medicare restoration 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 a decrease in Medicare restoration costs of $160,315 for CYs 2015 and 2016.

NHS concurred with our recommendation. NHS stated that it would work with CMS to ensure that its final settlement of contract costs reflects a decrease in Medicare restoration costs of $160,315 for CYs 2015 and 2016.

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) 2015 and 2016 nonqualified Restoration Savings Plan (restoration) 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 $164,839 of restoration costs that NHS claimed for Medicare reimbursement on its ICPs for CYs 2015 and 2016.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/72000591.asp.