

## Report in Brief

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Report No. A-07-20-00594

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



### Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses Medicare contractors for a portion of their pension costs, which are funded by the annual contributions that these contractors make to their pension plans.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to qualified defined-benefit, postretirement benefit, 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 pension costs for Medicare reimbursement.

Our objective was to determine whether the calendar years (CYs) 2012 through 2016 qualified defined-benefit plan pension costs (herein referred to as “pension costs”) that Companion Data Services, LLC (CDS), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

### How OIG Did This Audit

We reviewed \$4.028 million of Medicare pension costs that CDS claimed for Medicare reimbursement on its ICPs for CYs 2012 through 2016.

## Almost All of the Medicare Pension Costs That Companion Data Services, LLC, Claimed Through Its Incurred Cost Proposals Were Allowable

### What OIG Found

Almost all of the CYs 2012 through 2016 pension costs that CDS claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed. CDS claimed pension costs of \$4.028 million for Medicare reimbursement, through its ICPs, for CYs 2012 through 2016; however, we determined that the allowable Cost Accounting Standards-based pension costs during this period were \$4.019 million. The difference, \$8,989, represented unallowable Medicare pension costs that CDS claimed on its ICPs for CYs 2012 through 2016. CDS claimed these unallowable Medicare pension costs primarily because it used incorrect indirect cost rates when claiming pension costs for Medicare reimbursement. Specifically, CDS used an incorrect allocable pension cost when calculating the indirect cost rates.

### What OIG Recommends and Auditee Comments

We recommend that CDS work with CMS to ensure that its final settlement of contract costs reflects a decrease in Medicare pension costs of \$8,989 for CYs 2012 through 2016.

CDS did not directly refer to the monetary amount in our recommendation but did say that it would work with CMS to ensure that its final settlement of contract costs is appropriate.

Nothing in CDS’s comments caused us to change our finding or recommendation. Thus, we continue to recommend that CDS work with CMS to ensure that its final settlement of contract costs reflects a decrease in Medicare pension costs of \$8,989 for CYs 2012 through 2016.