

Report in Brief

Date: April 2021

Report No. A-07-20-00598

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 objective was to determine whether Palmetto Government Benefits Administrator, LLC (Palmetto), complied with Federal requirements and its established cost accounting practice when updating its Excess Plan Medicare segment pension assets from January 1, 2015, to January 1, 2017.

How OIG Did This Audit

We reviewed Palmetto's identification of its Excess Plan Medicare segment and its update of the Excess Plan Medicare segment pension assets from January 1, 2015, to January 1, 2017.

Palmetto Government Benefits Administrator, LLC, Overstated Its Excess Plan Medicare Segment Pension Assets as of January 1, 2017

What OIG Found

Palmetto did not correctly update its Excess Plan Medicare segment pension assets from January 1, 2015, to January 1, 2017, in accordance with Federal requirements. Palmetto identified \$746,467 as its Excess Plan Medicare segment pension assets as of January 1, 2017; however, we determined that those assets were \$737,271 as of that date. Therefore, Palmetto overstated its Excess Plan Medicare segment pension assets as of January 1, 2017, by \$9,196. Palmetto overstated those Excess Plan pension assets because its policies and procedures did not always ensure that it calculated those assets in accordance with Federal requirements when updating its Excess Plan Medicare segment's pension assets from January 1, 2015, to January 1, 2017.

What OIG Recommends and Auditee Comments

We recommend that Palmetto decrease its Excess Plan Medicare segment pension assets by \$9,196 and recognize \$737,271 as the Excess Plan Palmetto Medicare segment pension assets as of January 1, 2017, and improve policies and procedures to ensure that going forward, it calculates Medicare segment pension assets in accordance with Federal requirements.

Palmetto stated that it did not object to our findings and recommendations and added that it did not believe our findings had a material impact on its submitted Incurred Cost Proposals.