

Report in Brief

Date: August 2021

Report No. A-07-21-00609

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 postretirement benefit (PRB) costs, which are funded by the contributions that these contractors make to their dedicated trust fund.

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

Our objective was to determine whether the calendar years (CYs) 2012 through 2016 PRB 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 \$203,362 of Medicare PRB costs that CDS claimed for Medicare reimbursement on its ICPs for CYs 2012 through 2016.

Companion Data Services, LLC, Claimed Some Unallowable Medicare Postretirement Benefit Costs Through Its Incurred Cost Proposals

What OIG Found

CDS claimed PRB costs of \$203,362 for Medicare reimbursement, through its ICPs, for CYs 2012 through 2016; however, we determined that the allowable PRB costs during this period were \$129,768. The difference, \$73,594, represented unallowable Medicare PRB costs that CDS claimed on its ICPs for CYs 2012 through 2016. CDS claimed these unallowable Medicare PRB costs primarily because it used incorrect indirect cost rates when claiming PRB costs for Medicare reimbursement. Specifically, CDS used an incorrect allocable PRB 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 PRB costs of \$73,594 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 PRB costs of \$73,594 for CYs 2012 through 2016.