National Government Services, Inc., Understated Its Plan A Medicare Segment Pension Assets and Overstated Medicare’s Share of the Medicare Segment Excess Pension Liabilities as of December 31, 2018

What OIG Found
NGS implemented our prior audit recommendation to increase the Plan A Medicare segment pension assets by $21,152 as of January 1, 2015. For our second objective, NGS did not correctly update the Plan A Medicare segment pension assets from January 1, 2015, to December 31, 2018, in accordance with Federal regulations and its established cost accounting practice. NGS identified Plan A Medicare segment pension assets of $8.3 million as of December 31, 2018; however, we determined that NGS understated those assets by $7,036. NGS’s policies and procedures did not always ensure that NGS calculated those assets in accordance with Federal regulations and its established cost accounting practice when updating the assets.

For our third objective, NGS calculated $704,771 as Medicare’s share of the Plan A Medicare segment excess pension liabilities as of December 31, 2018; however, we calculated that Medicare’s share of those liabilities was $657,263 as of that date. Therefore, NGS overstated Medicare’s share of the Plan A Medicare segment excess pension liabilities by $47,508.

What OIG Recommends and Auditee Comments
We recommend that NGS increase the Plan A Medicare segment pension assets by $7,036 and recognize $8.3 million as the Plan A Medicare segment pension assets as of December 31, 2018; decrease Medicare’s share of the Plan A Medicare segment excess pension liabilities as of December 31, 2018, by $47,508 and recognize $657,263 as Medicare’s share of the pension liabilities as a result of the benefit curtailment; and develop quality assurance procedures, to include improved policies and procedures.

NGS concurred with our recommendations and said that it would adjust its plan assets accordingly. With respect to our second recommendation, NGS said that it would work with CMS on the settlement of Medicare’s share of the Medicare segment excess pension liabilities as of December 31, 2018. With respect to our third recommendation, NGS said that it would evaluate its processes and adjust as appropriate.