

## Report in Brief

Date: January 2023

Report No. A-07-22-00621

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.

Previous OIG audits found that Medicare contractors did not always correctly identify and update the segmented pension assets.

Our objectives were to determine whether National Government Services, Inc. (NGS), complied with Federal requirements and its established cost accounting practice when: (1) updating the Plan B Medicare segment pension assets from January 1, 2015, to December 31, 2018, and (2) determining Medicare's share of the Plan B Medicare segment excess pension assets or liabilities as a result of NGS's benefit curtailment.

### How OIG Did This Audit

We reviewed NGS's identification of the Plan B Medicare segment; its update of the Plan B Medicare segment pension assets from January 1, 2015, to December 31, 2018; and its calculation of Medicare's share of the Plan B Medicare segment's excess pension assets as of December 31, 2018, as a result of its benefit curtailment.

## National Government Services, Inc., Overstated Its Plan B Medicare Segment Pension Assets and Overstated Medicare's Share of the Medicare Segment Excess Pension Assets as of December 31, 2018

### What OIG Found

NGS did not correctly update the Plan B 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 \$14.5 million as the Plan B Medicare segment pension assets as of December 31, 2018; however, we determined that those assets were \$14.1 million as of that date. Therefore, NGS overstated the Plan B Medicare segment pension assets as of December 31, 2018, by \$412,889. 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 second objective, NGS calculated \$810,406 as Medicare's share of the Plan B Medicare segment excess pension assets as of December 31, 2018; however, we calculated that Medicare's share of those assets was \$374,464 as of that date. Therefore, NGS overstated Medicare's share of the Plan B Medicare segment excess pension assets by \$435,942.

### What OIG Recommends and Auditee Comments

We recommend that NGS decrease the Plan B Medicare segment pension assets by \$412,889 and recognize \$14.1 million as the Plan B Medicare segment pension assets as of December 31, 2018; decrease Medicare's share of the Plan B Medicare segment excess pension assets as of December 31, 2018, by \$435,942 and recognize \$374,464 as Medicare's share of the pension assets 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 assets as of December 31, 2018. With respect to our third recommendation, NGS said that it would evaluate its processes and adjust as appropriate.