

Report in Brief

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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 the 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 United Government Services, LLC (UGS), Medicare segment pension assets from January 1, 2015, to December 31, 2018, and (2) determining Medicare's share of the UGS 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 UGS Medicare segment; its update of the UGS Medicare segment pension assets from January 1, 2015, to December 31, 2018; and its calculation of Medicare's share of the UGS Medicare segment's excess pension liabilities as of December 31, 2018, as a result of its benefit curtailment.

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

What OIG Found

NGS did not correctly update the UGS 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 \$2.69 million as the UGS Medicare segment pension assets as of December 31, 2018; however, we determined that those assets were \$2.62 million as of that date. Therefore, NGS overstated the UGS Medicare segment pension assets by \$66,663. 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 \$441,220 as Medicare's share of the UGS Medicare segment excess pension liabilities as of December 31, 2018; however, we calculated that Medicare's share of those liabilities was \$510,580 as of that date. Therefore, NGS understated Medicare's share of the UGS Medicare segment excess pension liabilities by \$69,360.

What OIG Recommends and Auditee Comments

We recommend that NGS decrease the Medicare segment pension assets by \$66,663 and recognize \$2.62 million as the Medicare segment pension assets as of December 31, 2018; increase Medicare's share of the Medicare segment excess pension liabilities as of December 31, 2018, by \$69,360 and recognize \$510,580 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.