

## Report in Brief

Date: January 2023

Report No. A-07-22-00623

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 pension costs, which are funded by the annual contributions that these contractors make to their pension plans.

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

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 qualified defined-benefit plan pension costs (herein referred to as “pension costs”) that National Government Services, Inc. (NGS), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

### How OIG Did This Audit

We reviewed \$9.8 million of Medicare pension costs that NGS claimed for Medicare reimbursement on its ICPs for CYs 2015 through 2018.

## National Government Services, Inc., Claimed Some Unallowable Medicare Pension Costs Through Its Incurred Cost Proposals

### What OIG Found

NGS claimed pension costs of \$9.8 million for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018; however, we determined that the allowable CAS-based pension costs during this period were \$9.7 million. The difference, \$73,307, represented unallowable Medicare pension costs that NGS claimed on its ICPs for CYs 2015 through 2018. NGS claimed these unallowable Medicare pension costs primarily because NGS based its claim for Medicare reimbursement on incorrect pension costs included in the indirect cost rates on the ICPs.

### What OIG Recommends and Auditee Comments

We recommend that NGS work with CMS to ensure that its final settlement of contract costs reflects a decrease in Medicare pension costs of \$73,307 for CYs 2015 through 2018.

NGS concurred with our recommendation and said that it would work with CMS to reflect the final allocable costs in its ICPs upon final settlement of CYs 2015 through 2018.