

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of its contractors' postretirement benefit (PRB) costs.

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 have not always complied with Federal requirements when claiming PRB costs for Medicare reimbursement.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 PRB 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 \$5.9 million of Medicare PRB costs that NGS claimed for Medicare reimbursement on its ICPs for CYs 2015 through 2018.

National Government Services, Inc., Claimed Some Unallowable Medicare Postretirement Benefit Plan Costs Through Its Incurred Cost Proposals

What OIG Found

NGS claimed PRB costs of \$5.9 million for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018; however, we determined that the allowable PRB costs during this period were \$5.3 million. The difference, \$636,197, represented unallowable PRB costs that NGS claimed on its ICPs for CY 2015 through 2018. This overstatement occurred primarily because NGS based the allocable PRB costs on an estimated amount.

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 PRB costs of \$636,197 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.