

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' Supplemental Executive Retirement Plan (SERP) costs.

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 correctly identify and claim SERP costs.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 SERP 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 \$526,908 of SERP costs that NGS claimed for Medicare reimbursement on its ICPs for CYs 2015 through 2018.

National Government Services, Inc., Claimed Some Unallowable Medicare Supplemental Executive Retirement Plan Costs Through Its Incurred Cost Proposals

What OIG Found

NGS claimed SERP costs of \$526,908 for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018; however, we determined that the allowable SERP costs for CYs 2015 through 2018 were \$317,365. Thus, NGS claimed \$209,543 of unallowable SERP costs on its ICPs for CYs 2015 through 2018. This overclaim occurred because NGS based its claim for Medicare reimbursement on incorrect allocable SERP costs included in the indirect cost rates on the ICPs.

What OIG Recommends and Auditee Comments

We recommend that NGS work with CMS to revise its ICPs for CYs 2015 through 2018 to reduce its claimed SERP costs by \$209,543.

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.