

## Report in Brief

Date: December 2022

Report No. A-07-22-00628

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' nonqualified plan (nonqualified) 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 nonqualified costs.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 nonqualified 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 \$668,819 of nonqualified costs that NGS claimed for Medicare reimbursement on its ICPs for CYs 2015 through 2018.

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

### What OIG Found

NGS claimed nonqualified costs of \$668,819 for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018; however, we determined that the allowable nonqualified costs during this period were \$11,054. The difference, \$657,765, represented unallowable nonqualified costs that NGS claimed on its ICPs for CYs 2015 through 2018. NGS claimed these unallowable nonqualified costs primarily because NGS based its claim for Medicare reimbursement on incorrect allocable nonqualified 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 the Medicare nonqualified costs of \$657,765 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.