

REPORT HIGHLIGHTS



August 2025 | OAS-25-07-052

CGS Administrators, LLC, Did Not Claim Some Allowable Medicare Excess Plan Costs Through Its Incurred Cost Proposals

Why OIG Did This Audit

- CMS reimburses Medicare contractors for a portion of their nonqualified plan costs. A nonqualified plan is a type of tax-deferred, employer-sponsored retirement plan.
- HHS, OIG, Office of Audit Services, 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 nonqualified plan costs for Medicare reimbursement.
- This audit examined whether the calendar years (CYs) 2017 through 2021 Excess Plan costs that CGS claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

What OIG Found

- CGS claimed Excess Plan costs of \$624,843 for Medicare reimbursement, through its ICPs, for CYs 2017 through 2021; however, we determined that the allowable Excess Plan costs during this period were \$861,970. The difference, \$237,127, represented allowable Medicare Excess Plan costs that CGS did not claim on its ICPs for CYs 2017 through 2021.
- CGS did not claim these allowable Medicare Excess Plan costs primarily because it used incorrect indirect cost rates when claiming those costs for Medicare reimbursement.

What OIG Recommends

We recommend that CGS work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare Excess Plan costs of \$237,127 for CYs 2017 through 2021.

CGS concurred with our finding but did not specifically indicate concurrence or nonconcurrence with our recommendation. CGS said that it would work with CMS to ensure the final settlement and collection of contract costs.