

REPORT HIGHLIGHTS



August 2025 | OAS-25-07-049

CGS Administrators, LLC, Claimed Some Unallowable Medicare Supplemental Executive Retirement Plan III Costs Through Its Incurred Cost Proposals

Why OIG Did This Audit

- CMS reimburses Medicare contractors for a portion of their nonqualified plan costs, which are funded by the annual contributions that these contractors make to their nonqualified plans. 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 correctly identify and claim nonqualified plan costs.
- This audit examined whether the calendar years (CYs) 2017 through 2021 Supplemental Executive Retirement Plan III (SERP III) costs that CGS claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

What OIG Found

- CGS claimed SERP III costs of \$84,579 for Medicare reimbursement, through its ICPs, for CYs 2017 through 2021; however, we determined that the allowable SERP III costs during this period were \$82,666. The difference, \$1,913, represented unallowable Medicare SERP III costs that CGS claimed on its ICPs for CYs 2017 through 2021.
- CGS claimed these unallowable Medicare SERP III costs primarily because it used incorrect indirect costs 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 a decrease in Medicare SERP III costs of \$1,913 for CYs 2017 through 2021.

CGS did not specifically indicate concurrence or nonconcurrence with our finding or recommendation. CGS said that it would work with CMS to ensure that the final cost settlements are accurate.