DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General
Office of Audit Services

REGION IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, Georgia 30303

APR 18 2007

Report Number: A-04-07-05055

Ms. Lynda Northcutt
President and Chief Operating Officer
Cahaba Government Benefit Administrators, LLC
450 Riverchase Parkway East
Birmingham, Alabama 35244

Dear Ms. Northcutt:

The enclosed final report provides the results of the audit of "Cahaba Government Benefit Administrators Final Administrative Cost Proposals for Depreciation for Fiscal Years 2001 through 2004." We will forward a copy of this report to the action official noted below.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), Office of Inspector General reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR part 5.) As such, within 10 business days after the final report is issued, it will be posted on the Internet at http://oig.hhs.gov.

To facilitate identification, please refer to report number A-04-07-05055 in all correspondence relating to this report. We welcome questions on any aspect of this report. Please contact Andrew Funtal, Audit Manager, at (404) 562-7762, or through e-mail at Andrew.Funtal@oig.hhs.gov.

Sincerely,

Peter J Barbera

Peter J. Barbera
Regional Inspector General
for Audit Services, Region IV

Enclosure

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

CAHABA GOVERNMENT BENEFIT ADMINISTRATORS FINAL ADMINISTRATIVE COST PROPOSALS FOR DEPRECIATION FOR FISCAL YEARS 2001 THROUGH 2004

Daniel R. Levinson
Inspector General

April 2007
A-04-07-05055

Office of Inspector General

http://oig.hhs.gov

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program through contractors that include Part A fiscal intermediaries (FI), Part B carriers (Carriers), regional home health intermediaries, and durable medical equipment regional carriers. Contracts between CMS and contractors define the functions to be performed and provide for reimbursement of allowable administrative costs incurred. These administrative costs include depreciation of capitalized assets.

Cahaba Government Benefit Administrators, LLC (Cahaba GBA) has contracted with CMS as an FI for Alabama, Iowa, and South Dakota; as a Carrier for Alabama, Georgia, and Mississippi; and as a regional home health intermediary for 15 States and the District of Columbia.

Following the close of each fiscal year (FY), Cahaba GBA submits a final administrative cost proposal (FACP) to CMS reporting the Medicare administrative costs incurred during the year. The FACP and supporting data provide the basis for the final settlement of administrative costs for a given year.

OBJECTIVES

Our objectives were to determine whether depreciation costs Cahaba GBA claimed in the FACPs were reasonable, allowable, and allocable, in accordance with part 31 of the Federal Acquisition Regulation and Appendix B of the Medicare contract, and whether Cahaba GBA's controls over depreciation were adequate.

SUMMARY OF FINDINGS

Although Cahaba GBA generally claimed over $14 million in depreciation expense that was reasonable, allowable, and allocable during FYs 2001 through 2004, it inappropriately claimed approximately $36,152 in unallowable depreciation expenses. (See Appendix B.) Eight claims from our sample of 400 depreciation expenses, amounting to $11,137, did not satisfy applicable regulations. Specifically, these eight depreciation expense claims were for assets that were not in Cahaba GBA's possession at the time of our audit and the records on the disposal of the assets were insufficient to charge depreciation costs to the Medicare program.

Cahaba GBA's unallowable claims for depreciation expenses were caused by insufficient controls over depreciation and associated assets. During our audit period, Cahaba GBA significantly improved its controls over depreciation. However, further upgrades are necessary to integrate the system for tracking assets with the system for tracking the depreciation claimed for those assets.

RECOMMENDATIONS

We recommend that Cahaba GBA:

- reimburse the Medicare program $36,152 for unallowable depreciation expenses and

- establish controls that integrate depreciation costs with accountability of the assets being depreciated.

AUDITEE'S COMMENTS

Cahaba GBA concurred with our recommendations. (See Appendix C for the complete text.)

TABLE OF CONTENTS

INTRODUCTION.. 1

BACKGROUND 1

OBJECTIVES, SCOPE, AND METHODOLOGY 2

Objectives... 2
Scope.. 2
Methodology 2

FINDINGS AND RECOMMENDATIONS.. 3

ALLOWABILITY OF DEPRECIATION AMOUNTS CLAIMED……..….4

DEPRECIATION EXPENSES DID NOT SATISFY APPLICABLE REGULATIONS…………………………………………………….……5

Lack of Documentation……………………………………………...6
Disposed of for No Value…………………………………………....6
Disposed of for Value…………………………………………….......6
Items Depreciated After Disposal…………………………………....6

CONTROLS OVER DEPRECIATION AND RELATED ASSETS……..…7

RECOMMENDATIONS.. 8

AUDITEE'S COMMENTS……………………………………………………………….8

APPENDIXES

A – Sampling Methodology

B – Sample Results and Projections

C – Auditee's Comments

INTRODUCTION

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program through contractors that include Part A fiscal intermediaries (FI), Part B carriers (Carriers), regional home health intermediaries, and durable medical equipment regional carriers. Contracts between CMS and the Medicare contractors define the functions to be performed and provide for the reimbursement of allowable administrative costs incurred. These administrative costs include depreciation of capitalized assets.

Cahaba Government Benefit Administrators, LLC (Cahaba GBA) is a wholly-owned subsidiary of Blue Cross and Blue Shield of Alabama with offices in Birmingham, Alabama; Savannah, Georgia; Sioux City and Des Moines, Iowa; and Jackson, Mississippi.

Cahaba GBA has contracted with CMS to process and pay Medicare claims as follows:

- As a Medicare Part A FI for Alabama, Iowa, and South Dakota, Cahaba GBA processes claims for services provided by hospitals, critical access hospitals, skilled nursing facilities, rural health clinics, renal dialysis facilities, federally qualified health centers, community mental health centers, comprehensive outpatient rehabilitation facilities, and outpatient physical therapy providers.

- As the Medicare Part B carrier for Alabama, Georgia, and Mississippi, Cahaba GBA processes claims for physician services, outpatient therapies, podiatry services, chiropractic services, optometry services, ambulance services, and other health services and supplies not covered by Medicare Part A.

- As a Medicare regional home health intermediary, Cahaba GBA processes claims for services rendered by home health and hospice providers for 15 States and the District of Columbia. The 15 States included: Iowa, Nebraska, Kansas, Missouri, South Dakota, North Dakota, Montana, Wyoming, Colorado, Utah, Delaware, Maryland, Pennsylvania, Virginia, and West Virginia.

Following the close of each fiscal year (FY), Cahaba GBA submits a final administrative cost proposal (FACP) to CMS reporting the Medicare administrative costs incurred during the year. The FACP and supporting data provide the basis for the final settlement of allowable administrative costs.

At the time of our review, Cahaba GBA used two sections to control depreciation and related assets:

- the Asset Management System, which was a cost accounting system used to record costs of assets and calculate the cost of depreciation, and

- the Corporate Asset Management (CAM) system, which was used to document and track assets based on assigned numbers.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objectives were to determine whether depreciation costs Cahaba GBA claimed in the FACPs were reasonable, allowable, and allocable, in accordance with part 31 of the Federal Acquisition Regulation (FAR) and Appendix B of the Medicare contract, and whether Cahaba GBA's controls over depreciation and related assets were adequate.

Scope

We reviewed depreciation expenses Cahaba GBA claimed as administrative costs during the 4-year period October 1, 2000, through September 30, 2004.

During this period, Cahaba GBA claimed $17.6 million as depreciation associated with 25,660 assets. Depreciation expenses were part of the overall administrative costs of $447 million reported on the FACPs.

We reviewed selected aspects of Cahaba GBA's controls over depreciation and the assets related to the depreciation.

Methodology

To accomplish our objectives:

- We met with CMS Region IV officials to discuss the audit and the applicable laws and regulations. We also reviewed prior CMS audits concerning depreciation at Cahaba GBA.

- We met with previous Cahaba GBA public auditors, discussed their work, and reviewed their working papers.

- We researched and relied upon applicable laws, regulations, and contract terms to determine whether: (1) the depreciation expenses were for assets that Cahaba GBA owned, (2) the assets were assigned to a specific location (Medicare cost center), (3) the depreciation amounts were mathematically accurate, and (4) the controls over depreciation and assets were adequate.

- We determined the extent of the population of depreciation expenses for the 4-year audit period, including the number and amount of depreciation expenses.

- We performed work at the following Cahaba GBA sites:

  - Birmingham, Alabama (Downtown, Meadowbrook, and Riverchase sites)
  - Sioux City, and Des Moines, Iowa
  - Montgomery, and Mobile, Alabama
  - Jackson, Mississippi

- Savannah, Georgia

- We used statistical sampling techniques to select a sample of depreciation expenses and their associated assets. Our sample included 400 depreciation expenses that totaled approximately $7.1 million of the $17.6 million amount claimed by Cahaba GBA for the 4-year audit period.

We selected our sample using a random stratified sampling design. Our sampling population for the 4-year period consisted of 2,368 depreciation expenses greater than $1,000. This population totaled $14.2 million. (For details on our sampling methodology, see Appendix A.)

We further separated the 2,368 depreciation expenses into 2 strata: (1) 2,225 depreciation expenses between $1,000.01 and $20,000, totaling $8.1 million and (2) 143 depreciation expenses of more than $20,000, totaling $6.1 million. We selected 257 of the 2,225 depreciation expenses making up the first stratum and all 143 depreciation expenses making up the second stratum.

We considered depreciation expense claimed to be erroneous when the related assets did not exist and there was insufficient documentation to determine how they had been disposed. We projected the results of our sample to the depreciation expenses claimed by Cahaba GBA during FYs 2001 through 2004. (For details on the results of our sample projection, see Appendix B.) In our analysis of the depreciation, we also considered the amount of loss on the disposal of assets, where applicable, that Cahaba GBA could have claimed in lieu of depreciation.

We performed our audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

Although Cahaba GBA generally claimed over $14 million in depreciation expense that was reasonable, allowable, and allocable during fiscal years 2001 through 2004, it inappropriately claimed approximately $36,152 in unallowable depreciation expenses. (See Appendix B.) Eight claims from our sample of 400 depreciation expenses, amounting to $11,137, did not satisfy applicable regulations. Specifically, these eight depreciation expense claims were for assets that were not in Cahaba GBA's possession at the time of our audit and the records on the disposal of the assets were insufficient to charge depreciation costs to the Medicare program.

Cahaba GBA's unallowable claims for depreciation expenses were caused by insufficient controls over depreciation and associated assets. During our audit period, Cahaba GBA significantly improved its controls over depreciation. However, further upgrades are necessary to integrate the system for tracking assets with the system for tracking the depreciation claimed for those assets.

ALLOWABILITY OF DEPRECIATION AMOUNTS CLAIMED

Cahaba GBA's contract with CMS includes provisions relating to administrative costs. Article XII of the contract "Types of Costs Allowable for Administration of This Agreement" states that allowable and allocable administrative costs shall be determined in accordance with the provisions of FAR part 31, as interpreted and modified by Appendix B of the contract.

FAR part 31 specifically discusses depreciation expenses.

Subpart 31.205-11 states:

> (a) Depreciation is a charge to current operations which distributes the cost of a tangible capital asset, less estimated residual value, over the estimated useful life of the asset in a systematic and logical manner . . . .
>
> (l) No depreciation . . . shall be allowed on property fully depreciated . . . .
>
> (o) In the event of a write-down from carrying value to fair value as a result of impairments caused by events or changes in circumstances, allowable depreciation . . . shall be limited to the amounts that would have been allowed had the assets not been written down.

Subpart 31.205-16 specifically addresses gains and losses on disposition or impairment of depreciable property:

> (a) Gains and losses from the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges . . . .
>
> (b) The gain or loss for each asset disposed of is the difference between the net amount realized . . . and its undepreciated balance.

Additionally, Statement of Federal Financial Accounting Standards No.6, "Accounting for Property, Plant, and Equipment (PP&E)," issued by the Federal Accounting Standards Advisory Board, states:

> **Expense Recognition**
>
> 35. Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage/residual value, over the estimated useful life of the general PP&E . . . .
>
> 38. In the period of disposal, retirement, or removal from service, general PP&E shall be removed from the asset accounts along with associated accumulated depreciation/amortization. Any difference between the book value of the PP&E and amounts realized shall be recognized as a gain or

loss in the period that the general PP&E is disposed of, retired, or removed from service.

39. General PP&E shall be removed from general PP&E accounts along with associated accumulated depreciation/amortization, if prior to disposal, retirement or removal from service, it no longer provides service in the operations of the entity. This could be either because it has suffered damage, becomes obsolete in advance of expectations, or is identified as excess. It shall be recorded in an appropriate asset account at its expected net realizable value. Any difference in the book value of the PP&E and its expected net realizable value shall be recognized as a gain or a loss in the period of adjustment. The expected net realizable value shall be adjusted at the end of each accounting period and any further adjustments in value should be recognized as a gain or a loss. However, no additional depreciation/amortization shall be taken once such assets are removed from general PP&E in anticipation of disposal, retirement, or removal from service.

Thus, the regulations provide for the cost of assets to either be claimed over multiple accounting periods through the process of depreciation or otherwise be recognized as a gain or loss if the assets are disposed of for some reason before they are fully depreciated.

DEPRECIATION EXPENSES DID NOT SATISFY APPLICABLE REGULATIONS

Generally, the depreciation Cahaba GBA claimed was for assets in its possession, was for assets in the correct Medicare cost center, and was mathematically accurate. However, Cahaba GBA inappropriately claimed some unallowable depreciation expenses. Eight claims from our sample of 400 depreciation expenses, amounting to $11,137, did not satisfy applicable regulations. Specifically, these eight depreciation expense claims were for assets that were not in Cahaba GBA's possession at the time of our audit and the records on the disposal of these assets were insufficient to support the depreciation costs to the Medicare program. By projecting the results of our sample, we estimate that Cahaba GBA claimed $36,152 in unallowable depreciation expenses.

Of the 400 depreciation expenses we reviewed:

- 278 were for related assets that still existed at the time of our site work and

- 122 were for assets that did not exist at the time of our site work.

The 278 assets that still existed at the time of our site work involved no errors.

The remaining 122 depreciation expenses were not in Cahaba GBA's possession at the time of our audit because they had been "disposed of" in the following manner:

- 8 lacked documentation to support disposal, resulting in unallowable depreciation;
- 87 were disposed of for no value; and
- 27 were disposed of for value that was properly accounted for.

Lack of Documentation

Cahaba GBA claimed depreciation for eight assets that lacked documentation to explain the circumstances of their disposal, resulting in unallowable depreciation expenses charged to the Medicare program. In seven instances, Cahaba GBA claimed depreciation for assets that no longer existed at Cahaba GBA, and we were unable to determine how the assets were disposed of or how Cahaba GBA reported any proceeds that might have resulted from the disposal. In one additional instance, the proceeds from the sale of assets were not accurately credited to the Medicare program. The total amount of depreciation claimed for these eight sample items was $11,137. By projecting the results of these eight claims, we estimate that Cahaba GBA claimed $36,152 in unallowable depreciation expenses.

Disposed of for No Value

Cahaba GBA disposed of 87 assets for no value. In these instances the amount of the depreciation claimed over time after the asset's disposal would be the same as the amount that could have been claimed immediately as a loss on disposal. In such circumstances, Cahaba GBA continued to claim the same total amount that could have been otherwise immediately claimed as an accounting loss. The total expenditure amounts, therefore, would be the same.

Disposed of for Value

Cahaba GBA disposed of 27 assets and received some value for each asset: 19 assets were disposed of for value as a discount on future purchases of assets used for Medicare purposes and 8 assets were traded in for other assets used for Medicare purposes. In these circumstances, regulations require that the proceeds be credited to the Government. Otherwise, Cahaba GBA must reduce the amount of depreciation that it could take by the amount received upon disposal. In these instances, Cahaba GBA properly reported the proceeds by applying the value received as a reduction of the cost of newly acquired assets used for Medicare activities.

Items Depreciated After Disposal

Cahaba GBA continued to depreciate some assets after they should have been removed from the inventory records; however, this depreciation did not result in any additional or unallowable charges to the Medicare program.

Instead of continuing to depreciate assets after the time of their disposal, Cahaba GBA should have made accounting entries to eliminate the remaining book value (carrying value of the asset) at the time of the disposal. Under these circumstances, the remaining book value, less any value received from the disposal, become an expense (loss on disposal) that Cahaba GBA should have claimed as an administrative expense on the applicable FACP. The amount of depreciation that Cahaba GBA could have claimed or the amount of loss that it could have claimed is net of any proceeds realized from the sale or other disposal of a given asset.

When Cahaba GBA inappropriately claimed depreciation after disposal, the alternative amounts that Cahaba GBA should have claimed as an expense on disposal were the same. Consequently the total amount of expenditures would be the same whether claimed as depreciation or as a loss on disposal.

CONTROLS OVER DEPRECIATION AND RELATED ASSETS

During our 4-year audit period, Cahaba GBA significantly improved controls over depreciation and related assets. However, some improvements are still needed to assure depreciation expense is properly claimed.

Before these improvements, controls did not assure that assets were properly tracked over their entire lives. Cahaba GBA was not certain that, once assets were recorded, they were subsequently deleted from property records, as warranted.

In many instances, assets were part of group purchases, and the group was recorded as only one asset in Cahaba GBA's property records. However, each asset in the group should have been individually accounted for in the property records. In addition, no central unit accounted for and controlled assets. Instead, control resided with the individual departments to which the assets were assigned at Cahaba GBA.

Because of these weaknesses, Cahaba GBA could not always be certain of the status of any given asset over its lifetime or whether depreciation was being claimed appropriately. Consequently, as noted previously, assets sometimes continued to be depreciated after they were disposed of. In other instances, assets could only be accounted for after extensive efforts to reconstruct their history. Finally, in some instances the records were not sufficient to determine what happened to the assets.

During the audit period, Cahaba GBA had significantly improved its controls over depreciation and related assets by establishing the CAM section as a separate group responsible for asset management. In addition, Cahaba GBA had implemented policies that require tag numbers for each asset. These tag numbers were Cahaba GBA's primary means of tracking assets. Inventory tags enhance controls by assigning a unique tag number to each asset and recording that number in CAM's records. By using tag numbers, Cahaba GBA can more readily determine the status of any given asset. Finally, Cahaba GBA started recording all assets in the property records individually, rather than in groups.

As an effective internal control, the section responsible for managing property at Cahaba GBA (i.e., CAM) was distinct from the section responsible for calculating depreciation (i.e., the Asset Management Cost Accounting Group). However, this separation meant that the Asset Management Cost Accounting Group was dependent upon input from CAM to assure that Cahaba GBA claimed accurate depreciation expenses. Accurate depreciation expense claims required CAM to notify the cost accounting group that the depreciation status of an asset had changed. Four of the eight errors in our sample occurred after the implementation of CAM. Obviously, unallowable depreciation of assets continues to occur.

RECOMMENDATIONS

We recommend that Cahaba GBA:

- reimburse the Medicare program $36,152 for unallowable depreciation expenses and

- establish controls that integrate depreciation costs with accountability of the assets being depreciated.

AUDITEE'S COMMENTS

Cahaba GBA concurred with our recommendations. (See Appendix C for the complete text.)

APPENDIXES

APPENDIX A

SAMPLING METHODOLOGY

POPULATION

The population consisted of 2,368 depreciation expenses greater than $1,000. These expenses, totaling $14,244,308.05, were claimed on the final administrative cost proposals for the period October 1, 2000, through September 30, 2004. This population included 2,225 depreciation expenses between $1,000.01 and $20,000 and 143 depreciation expenses of more than $20,000.

We further separated the 2,368 depreciation expenses into two strata: (1) 2,225 depreciation expenses between $1,000.01 and $20,000, totaling $8,159,630.40, and (2) 143 depreciation expenses of more than $20,000, totaling $6,084,677.65.

SAMPLING UNIT

The sampling unit was a depreciation expense claimed for an asset for a fiscal year.

SAMPLE DESIGN

We used a stratified random sample of depreciation expenses. The first stratum consisted of 2,225 depreciation expenses between $1,000.01 and $20,000. The second stratum consisted of 143 depreciation expenses of more than $20,000.

SAMPLE SIZE

Our total sample size was 400 depreciation expenses. We randomly selected 257 depreciation expenses from the first stratum (expenses between $1,000.01 and $20,000), and we reviewed all 143 depreciation expenses in the second stratum (expenses of more than $20,000).

ESTIMATION METHODOLOGY

We estimated the dollar amount of unallowable depreciation expenses claimed on the final administrative cost proposals using the Department of Health and Human Services, Office of Inspector General, Office of Audit Services RAT-STATS Variable Appraisal Program.

TREATMENT OF MISSING SAMPLE ITEMS

If Cahaba Government Benefit Administrators was unable to provide documentation for any depreciation expenses sampled, we determined the sample item to be an error.

APPENDIX B

SAMPLE RESULTS AND PROJECTIONS

Sample Results

Stratum	Sample Size	Value of Errors	Number of Errors
1	257	$ 11, 137	8
2	143		
Total	**400**	**$ 11,137**	**8**

Variable Projection of Depreciation Expenses

Point Estimate	$ 96,422

90-percent confidence interval:

Lower Limit	$ 36,152
Upper Limit	$156,693

AUDITEE'S COMMENTS

CAHABA GOVERNMENT BENEFIT ADMINISTRATORS, LLC®

MEDICARE

Lynda Northcutt
President
Cahaba Government Benefit Administrators, LLC

March 2, 2007

Peter J. Barbera
Regional Inspector General for Audit Services, Region IV
61 Forsyth Street S.W., Suite 3T41
Atlanta, GA 30303

RE: Report Number A-04-07-05055

Dear Mr. Barbera:

Thank you for the opportunity to respond to the findings noted in the Administrative Cost Proposals for Depreciation for Fiscal Years 2001 through 2004 Draft report number A-04-07-05055 performed at the Cahaba Government Benefit Administrators,® LLC locations. Attached is a copy of the status of the action plan.

Should you have any questions regarding this report, please contact Molly Echols, Manager Risk and Compliance, at (205) 220-1587 or via email at mechols@cahabagba.com.

Sincerely,

Lynda Northcutt
President
Cahaba Government Benefit Administrators,® LLC

Attachment

cc: Phillip Pope, President and CEO, Blue Cross and Blue Shield of Alabama
Terry Kellogg, Executive Vice President, Blue Cross and Blue Shield of Alabama
Cindi Vice, Vice President Audit & Security, Blue Cross and Blue Shield of Alabama
Rick King, SVP HR and Compliance Officer, Blue Cross and Blue Shield of Alabama
Sherrie LeMier, SVP and CFO, Blue Cross and Blue Shield of Alabama

Brandon Ward, Director Cahaba GBA Operations, Cahaba GBA
Ron Whitehead, Medicare CFO, Cahaba GBA
Molly Echols, Manager Risk and Compliance, Cahaba GBA
Alan Dane, CGBA General Counsel, Cahaba GBA

Cahaba Government Benefit Administrators, LLC
Final Administrative Cost Proposals For Depreciation For Fiscal Years 2001-2004
Report Number: A-04-07-05055
Draft Report Date: February 16, 2007
Performance Improvement Plan for Findings Identified as Recommendations

Recommendations for Unallowable Depreciation Expenses

1. Reimburse the Medicare program $36,152 for unallowable depreciation expenses.

   Performance Improvement Plan
   Cahaba Government Benefit Administrators (Cahaba GBA) claimed over $14 million in depreciation expense that was reasonable, allowable, and allocable during fiscal years 2001 through 2004, it inappropriately claimed approximately $36,152, or 0.003% of total depreciation expense tested. Eight claims from a sample of 400 depreciation expenses, amounting to $11,137, or 0.0008% of the total depreciation expense tested, were older assets with incomplete documentation that had been disposed or had book values of minimal value, therefore did not satisfy applicable regulations.

   As a result of this audit, BCBSAL will fully comply and reimburse CMS the $36,152 noted in the draft report.

2. Establish controls that integrate depreciation expenses with accountability of the assets being depreciated.

   Performance Improvement Plan
   As stated in the report Corporate Asset Management (CAM) was formed during the audit period and the asset management controls improved but still needed enhancements. Cahaba considers the safeguarding and tracking of its assets important and has since hired an independent outside audit firm to assist in strengthening the controls surrounding this responsibility. Cahaba is continuing to enhance its controls around the tracking of assets and reconciling them with the depreciation records. Some of the high level controls that have evolved are as follows:

   - **CAM performs on going cost center reviews of fixed assets to verify that all assets are accounted for and recorded in the proper cost center.**
   - **The fixed asset records are reconciled monthly with the depreciation records.**
   - **A new process for the disposal of assets has been implemented that ensures the disposal of these assets is communicated and recorded in a timely manner. There is a new policy and procedure in place identifying the procurement/disposal/management of corporate assets, which states that when an item is abandoned, contributed, or is no longer available for use, CAM is notified by the Manager responsible for the asset(s) promptly along with supporting documentation, including but not limited to, the asset tag numbers, letters of acknowledgement, and/or a detailed statement describing the abandonment, contribution, or reason for unavailability.**
   - **A new general ledger package, Epicor, is being installed later this year, which will integrate the tracking and maintenance of fixed assets into one module.**

   Cahaba GBA continues to strive to enhance controls surrounding the tracking, maintenance and disposal of fixed assets.