Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Why OIG Did This Audit

Medicare contractors are required to separately account for the Medicare segment pension plan assets based on the requirements of Cost Accounting Standards (CAS) 412 and 413.

Previous OIG audits found that Medicare contractors did not always correctly identify and update the segmented pension assets.

Our objectives were to determine whether Cahaba Government Benefits Administrators, LLC (Cahaba GBA), complied with Federal requirements and its established cost accounting practice when:
(1) implementing the prior audit recommendation to decrease the Medicare segment pension assets as of January 1, 2017, (2) updating the Medicare segment pension assets from January 1, 2017, to December 31, 2018, and
(3) determining Medicare's share of the Medicare segment excess pension assets or liabilities as a result of Cahaba GBA's benefit curtailment.

How OIG Did This Audit

We reviewed Cahaba GBA's implementation of the prior audit recommendation; its identification of its Medicare segment; its update of the Medicare segment pension assets from January 1, 2017, to December 31, 2018; and its calculation of Medicare's share of the Medicare segment's excess pension liabilities as of December 31, 2018, as a result of its benefit curtailment.

Cahaba Government Benefits Administrators, LLC, Properly Updated the Medicare Segment Pension Assets and Overstated Medicare's Share of the Medicare Segment Excess Pension Liabilities as of December 31, 2018

What OIG Found

Cahaba GBA implemented our prior audit recommendation to decrease the Medicare segment pension assets by $2,724 as of January 1, 2017, and correctly updated the Medicare segment pension assets from January 1, 2017, to December 31, 2018. With respect to our third objective, Cahaba GBA calculated $2.2 million as Medicare's share of the Medicare segment excess pension liabilities as of December 31, 2018; however, we calculated that Medicare's share of the Medicare segment pension liabilities was $2.1 million as of that date. Therefore, Cahaba GBA overstated Medicare's share of the Medicare segment excess pension liabilities by $135,979. This overstatement occurred because Cahaba GBA did not calculate the aggregate Medicare percentage in accordance with the CAS.

What OIG Recommends and Auditee Comments

We recommend that Cahaba GBA decrease Medicare's share of the Medicare segment excess pension liabilities as of December 31, 2018, by $135,979 and recognize $2.1 million as Medicare's share of the pension liabilities as a result of the benefit curtailment.

Cahaba GBA agreed with our recommendation to decrease Medicare's share of the Medicare segment excess pension liabilities as of December 31, 2018, by $135,979 and recognize $2.1 million as Medicare's share of the pension liabilities as a result of the benefit curtailment.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/72200627.asp.