

## Report in Brief

Date: August 2023

Report No. A-07-23-00630

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 Medicare contractors' costs for postretirement benefit (PRB) plans.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to qualified defined-benefit, PRB, 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 PRB costs.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 PRB costs that First Coast Service Options, Inc. (First Coast), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

### How OIG Did This Audit

We reviewed First Coast's ICPs for CYs 2015 through 2018, in all of which First Coast did not claim any PRB costs.

## First Coast Service Options, Inc., Did Not Claim Allowable Medicare Postretirement Benefit Costs

### What OIG Found

First Coast did not claim PRB costs for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018; however, we determined that the allowable PRB costs during this period were \$762,388. This amount represented allowable PRB costs that First Coast could have claimed on its ICPs for this period. This understatement occurred because First Coast chose not to claim PRB costs through its ICPs for CYs 2015 through 2018.

### What OIG Recommends and Auditee Comments

We recommend that First Coast work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare PRB costs of \$762,388 for CYs 2015 through 2018.

First Coast agreed with our recommendation and said that it would work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare PRB costs.