First Coast Service Options, Inc., Overstated Its Medicare Segment Postretirement Benefit Assets

What OIG Found
FCSO implemented our prior audit recommendation to recognize $14.2 million as the Medicare segment PRB assets as of January 1, 2008. Regarding our second objective, FCSO did not fully comply with Federal requirements when updating the Medicare segment PRB assets in its CAS exhibits from January 1, 2008, to January 1, 2013. FCSO identified Medicare segment PRB assets of $22.5 million as of January 1, 2013; however, we determined that the Medicare segment PRB assets were $17.5 million. Therefore, FCSO overstated the Medicare segment PRB assets by $5.0 million. FCSO overstated the Medicare segment PRB assets primarily because FCSO used an incorrect methodology when transferring prepayment credits to the Medicare segment throughout the audit period.

What OIG Recommends and Auditee Comments
We recommend that FCSO decrease its Medicare segment PRB assets by $5.0 million as of January 1, 2013.

FCSO agreed with our recommendation and stated that the Medicare segment PRB assets would be decreased.

The full report can be found at https://oig.hhs.gov/oas/reports/region7/71700499.asp.