

Report in Brief

Date: April 2018

Report No. A-07-17-00524

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



Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) reimburses contractors for a portion of their pension costs, which are funded by the annual contributions that contractors make to their pension plans.

At CMS's request, the HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to qualified defined-benefit plans and any other pension-related cost elements claimed by Medicare contractors through Final Administrative Cost Proposals (FACPs).

Previous OIG reviews found that Medicare contractors did not always comply with Federal requirements when claiming pension costs for Medicare reimbursement.

Our objective was to determine whether the fiscal years (FYs) 2010 through 2013 pension costs that Cahaba Government Benefits Administrators, LLC (Cahaba GBA), claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$1.56 million of pension costs claimed by Cahaba GBA for Medicare reimbursement on its FACPs for FYs 2010 through 2013.

Cahaba Government Benefits Administrators, LLC, Generally Claimed Allowable Medicare Pension Costs

What OIG Found

The FYs 2010 through 2013 pension costs that Cahaba GBA claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were generally allowable. Cahaba GBA claimed pension costs of \$1.56 million for Medicare reimbursement; however, we determined that the allowable CAS-based pension costs during this period were \$1.47 million. The difference, \$92,392, represented unallowable Medicare fiscal intermediary and carrier contract pension costs that Cahaba GBA claimed on its FACPs for FYs 2010 through 2013. Cahaba GBA claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrectly calculated CAS pension costs.

What OIG Recommends and Auditee Comments

We recommend that Cahaba GBA revise its FACPs for FYs 2010 through 2013 to reduce its claimed Medicare pension costs by \$92,392.

Cahaba GBA agreed with our recommendation to revise the FACPs for fiscal years 2010 through 2013 to reduce the claimed Medicare pension costs by \$92,392. In addition, Cahaba GBA stated that it would ensure that future pension costs are claimed in accordance with the Medicare contracts.