

## Report in Brief

Date: November 2019

Report No. A-07-19-00567

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



### Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of Medicare contractors' costs for postretirement benefit (PRB) plans. At CMS's request, the OIG, Office of Audit Services, Region VII pension audit team reviews the Medicare segment PRB assets to ensure compliance with Federal requirements.

Previous OIG reviews found that Medicare contractors did not always correctly identify and update the Medicare segment PRB assets.

Our objectives were to determine whether Noridian Healthcare Solutions, LLC (NHS), complied with Federal requirements when (1) implementing the prior audit recommendation to increase the NHS Medicare segment PRB assets as of January 1, 2011, and (2) updating the Medicare segment PRB assets with contributions, permitted unfunded accruals, income, claims paid, participant transfers, and administrative expenses in its Cost Accounting Standards exhibits from January 1, 2011, to January 1, 2016.

### How OIG Did This Review

We reviewed NHS's implementation of the prior audit recommendation; identification of its PRB Medicare segment; and its update of the Medicare segment PRB assets from January 1, 2011, to January 1, 2016.

## Noridian Healthcare Solutions, LLC, Understated Its Medicare Segment Postretirement Benefit Assets

### What OIG Found

NHS implemented our prior audit recommendation to increase the Medicare segment PRB assets by \$1.1 million as of January 1, 2011.

Regarding our second objective, NHS did not fully comply with Federal requirements when updating the Medicare segment PRB assets from January 1, 2011, to January 1, 2016. NHS identified Medicare segment PRB assets of \$13.8 million as of January 1, 2016; however, we determined that the Medicare segment PRB assets were \$14 million as of that date. Therefore, NHS understated the Medicare segment PRB assets as of January 1, 2016, by \$203,100. NHS understated the Medicare segment PRB assets because it incorrectly identified Medicare segment participants and, therefore, incorrectly identified the Medicare segment prepayment credits. In addition, NHS lacked controls to ensure that it calculated those assets in accordance with Federal requirements and the pension segmentation language of its Medicare contracts when updating the Medicare segment PRB assets from January 1, 2011, to January 1, 2016.

### What OIG Recommends and Auditee Comments

We recommend that NHS increase the Medicare segment PRB assets by \$203,100 as of January 1, 2016.

NHS concurred with our recommendation. NHS stated that it would increase the Medicare segment PRB assets as of January 1, 2016, by \$203,100.