

## Report in Brief

Date: April 2020

Report No. A-07-20-00589

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



### Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses contractors for a portion of their postretirement benefit (PRB) costs, which are funded by the contributions that contractors make to their dedicated trust fund.

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, PRB, and any other pension-related cost elements claimed by Medicare contractors through Final Administrative Cost Proposals (FACPs).

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

Our objective was to determine whether the fiscal year (FY) 2012 PRB costs that Palmetto Government Benefits Administrator, LLC (Palmetto), claimed for Medicare reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACP, were allowable and correctly claimed.

### How OIG Did This Audit

We reviewed \$31,957 of PRB costs claimed by Palmetto for Medicare reimbursement on its FACP for FY 2012.

## Palmetto Government Benefits Administrator, LLC, Claimed Some Unallowable Medicare Postretirement Benefit Costs

### What OIG Found

Palmetto claimed FY 2012 PRB costs of \$31,957 for Medicare reimbursement; however, we determined that the allowable PRB costs during this period were \$20,258. The difference, \$11,699, represented unallowable Medicare PRB costs that Palmetto claimed on its FACP for FY 2012. This overstatement occurred because Palmetto did not calculate its PRB costs in accordance with Federal regulations.

### What OIG Recommends and Auditee Comments

We recommend that Palmetto revise its FACP for FY 2012 to decrease its Medicare PRB costs by \$11,699. Palmetto concurred with our recommendation.