

# REPORT HIGHLIGHTS



August 2025 | A-07-23-00638

## **Palmetto Government Benefits Administrator, LLC, Overstated Its Medicare Segment Pension Assets as of January 1, 2022**

### **Why OIG Did This Audit**

- Medicare contractors are required to separately account for the Medicare segment pension plan assets based on the requirements of their Medicare contracts and Cost Accounting Standards 412 and 413.
- Previous OIG audits found that Medicare contractors did not always correctly identify and update the segmented pension assets.
- This audit examined whether Palmetto complied with Federal requirements when (1) implementing the prior audit recommendation to decrease the Medicare segment assets as of January 1, 2017, and (2) updating its Medicare segment pension assets from January 1, 2017, to January 1, 2022.

### **What OIG Found**

- Palmetto concurred with and implemented our prior audit recommendation to decrease the Medicare segment pension assets by \$2.1 million as of January 1, 2017.
- Palmetto did not correctly update its Medicare segment pension assets from January 1, 2017, to January 1, 2022, in accordance with Federal requirements. Palmetto identified \$89.9 million as its Medicare segment pension assets as of January 1, 2022; however, we determined that those assets were \$88 million as of that date. Therefore, Palmetto overstated its Medicare segment pension assets as of January 1, 2022, by \$1.8 million.
- Palmetto's policies and procedures did not always ensure that it calculated those pension assets in accordance with Federal requirements when updating its Medicare segment pension assets from January 1, 2017, to January 1, 2022.

### **What OIG Recommends**

We recommend that Palmetto decrease its Medicare segment pension assets by \$1.8 million and recognize \$88 million as the Medicare segment pension assets as of January 1, 2022, and improve policies and procedures to ensure that going forward, it calculates Medicare segment pension assets in accordance with Federal requirements.

Palmetto concurred with our findings but did not specifically indicate concurrence or nonconcurrence with our recommendations. Palmetto said that it would work with CMS to ensure the final settlement and collection of contract costs.