

## Report in Brief

Date: November 2019

Report No. A-07-19-00570

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



### Why OIG Did This Audit

Medicare contractors are required to separately account for the Medicare segment pension plan assets based on the requirements of Cost Accounting Standards (CAS) 412 and 413.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the Medicare segment pension assets to ensure compliance with Federal regulations.

Previous OIG audits found that Medicare contractors did not always correctly identify and update the segmented pension assets.

Our objectives were to determine whether Cahaba Government Benefits Administrators, LLC (Cahaba GBA), complied with Federal requirements when (1) implementing the prior audit recommendation to decrease the Medicare segment pension assets as of January 1, 2014, and (2) updating the Medicare segment pension assets from January 1, 2014, to January 1, 2017.

### How OIG Did This Audit

We reviewed Cahaba GBA's implementation of the prior audit recommendation, its identification of its Medicare segment, and its update of the Medicare segment pension assets from January 1, 2014, to January 1, 2017.

## Cahaba Government Benefits Administrators, LLC, Overstated Its Medicare Segment Pension Assets as of January 1, 2017

### What OIG Found

Cahaba GBA implemented our prior audit recommendation to decrease the Medicare segment pension assets by \$622,074 as of January 1, 2014. Regarding our second objective, Cahaba GBA did not correctly update the Medicare segment pension assets from January 1, 2014, to January 1, 2017, in accordance with Federal requirements. Cahaba GBA identified \$14.774 million as the Medicare segment pension assets as of January 1, 2017; however, we determined that those assets were \$14.771 million as of that date. Therefore, Cahaba GBA overstated the Medicare segment pension assets as of January 1, 2017, by \$2,724. Cahaba GBA overstated those pension assets because it did not have policies and procedures to ensure that it calculated those assets in accordance with Federal requirements when updating the Medicare segment's pension assets from January 1, 2014, to January 1, 2017.

### What OIG Recommends and Auditee Comments

We recommend that Cahaba GBA decrease the Medicare segment pension assets by \$2,724 and recognize \$14.771 million as the Medicare segment pension assets as of January 1, 2017.

Healthcare Business Solutions, LLC (HBS), of which Cahaba GBA is a subsidiary, agreed with our recommendation to decrease the Medicare segment pension assets as of January 1, 2014, by \$2,724 and recognize \$14.771 million as the Medicare segment's pension assets. In addition, HBS stated that it would strengthen controls to ensure that the Medicare segment's assets are updated in accordance with the Medicare contracts.