

Report in Brief

Date: November 2019

Report No. A-07-19-00574

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



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of its contractors' nonqualified plan (nonqualified) costs.

At CMS's request, the HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to nonqualified plans 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 nonqualified costs for Medicare reimbursement.

Our objective was to determine whether the fiscal years (FYs) 2011 through 2013 nonqualified costs that Noridian Healthcare Solutions, LLC (NHS), claimed for reimbursement under its fiscal intermediary and carrier contracts, and reported on its FACPs, were allowable and correctly claimed.

How OIG Did This Audit

We reviewed \$282,481 of nonqualified costs claimed by NHS for Medicare reimbursement on its FACPs for FYs 2011 through 2013.

Noridian Healthcare Solutions, LLC, Did Not Claim Allowable Medicare Nonqualified Costs

What OIG Found

NHS claimed FYs 2011 through 2013 nonqualified costs of \$282,481 for Medicare reimbursement; however, we determined that the allowable nonqualified costs during this period were \$385,553. The difference, \$103,072, represented allowable Medicare nonqualified costs that NHS did not claim on its FACPs for FYs 2011 through 2013. NHS did not claim these allowable Medicare nonqualified costs primarily because it did not calculate these costs in accordance with Federal regulations and the Medicare contracts' requirements.

What OIG Recommends and Auditee Comments

We recommend that NHS revise its FACPs for FYs 2011 through 2013 to increase its Medicare nonqualified costs by \$103,072.

NHS concurred with our recommendation. NHS stated that it would work with CMS to increase its Medicare nonqualified costs by \$103,072 in the closeout agreement for FYs 2011 through 2013.