

## Report in Brief

Date: August 2023

Report No. A-07-22-00626

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' Supplemental Executive Retirement Plan (SERP) costs.

The HHS, OIG, Office of Audit Services, Region VII pension audit team reviews the cost elements related to qualified defined-benefit, postretirement benefit, and any other pension-related cost elements claimed by Medicare contractors through Incurred Cost Proposals (ICPs).

Previous OIG audits found that Medicare contractors did not always correctly identify and claim SERP costs.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 SERP costs that First Coast Service Options, Inc. (First Coast), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

### How OIG Did This Audit

We reviewed \$594,383 of Medicare SERP costs that First Coast claimed on its ICPs for CYs 2015 through 2018.

## First Coast Service Options, Inc., Did Not Claim Some Allowable Medicare Supplemental Executive Retirement Plan Costs

### What OIG Found

First Coast claimed Medicare SERP costs of \$594,383 for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018. However, we determined that the allowable SERP costs during this period were \$861,269. The difference, \$266,886, represented allowable SERP costs that First Coast did not claim on its ICPs for CY 2015 through 2018. This understatement occurred primarily because First Coast based its claims for Medicare reimbursement on incorrectly calculated Cost Accounting Standards-based SERP costs.

### What OIG Recommends and Auditee Comments

We recommend that First Coast work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare SERP costs of \$266,886 for CYs 2015 through 2018.

First Coast agreed with our recommendation and said that it would work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare SERP costs.