

Report in Brief

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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 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 nonqualified plan costs.

Our objective was to determine whether the calendar years (CYs) 2015 through 2018 nonqualified plan 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 \$926,836 of Medicare nonqualified costs that First Coast reported on its ICPs for CYs 2015 through 2018.

First Coast Service Options, Inc., Claimed Some Unallowable Medicare Nonqualified Plan Costs Through Its Incurred Cost Proposals

What OIG Found

First Coast claimed Medicare nonqualified costs of \$926,836 for Medicare reimbursement, through its ICPs, for CYs 2015 through 2018. However, we determined that the allowable costs during this period were \$853,642. The difference, \$73,194, represented unallowable nonqualified costs that First Coast should not have claimed on its ICPs for CYs 2015 through 2018. This overstatement occurred primarily because First Coast based its claims for Medicare reimbursement on incorrectly calculated Cost Accounting Standards-based nonqualified 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 a decrease in Medicare nonqualified costs of \$73,194 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 a decrease in Medicare nonqualified costs.