

Report in Brief

Date: January 2024

Report No. A-07-23-00634

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



Why OIG Did This Audit

The Centers for Medicare & Medicaid Services (CMS) reimburses Medicare contractors for a portion of their pension costs, which are funded by the annual contributions that these contractors make to their pension plan.

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

Previous OIG audits found that Medicare contractors did not always comply with Federal requirements when claiming pension costs for Medicare reimbursement.

Our objective was to determine whether the calendar years (CYs) 2017 through 2019 qualified defined-benefit plan pension costs (herein referred to as “pension costs”) that Cahaba Government Benefits Administrators, LLC (Cahaba GBA), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

How OIG Did This Audit

We reviewed \$4.2 million of Medicare pension costs that Cahaba GBA claimed for Medicare reimbursement on its ICPs for CYs 2017 through 2019.

Cahaba Government Benefits Administrators, LLC, Did Not Claim Some Allowable Medicare Pension Costs Through Its Incurred Cost Proposals

What OIG Found

Cahaba GBA claimed pension costs of \$4.2 million for Medicare reimbursement, through its ICPs, for CYs 2017 through 2019; however, we determined that the allowable Cost Accounting Standards-based pension costs during this period were \$4.6 million. The difference, \$348,929, represented allowable Medicare pension costs that Cahaba GBA did not claim on its ICPs for CYs 2017 through 2019. Cahaba GBA did not claim these allowable Medicare pension costs primarily because Cahaba GBA based its claim for Medicare reimbursement on incorrect pension costs included in the indirect cost rates on the ICPs. More specifically, Cahaba GBA claimed an estimated pension cost for its Medicare segment rather than its actuarially determined Medicare segment pension cost.

What OIG Recommends and Auditee Comments

We recommend that Cahaba GBA work with CMS to ensure that its final settlement of contract costs reflects an increase in Medicare pension costs of \$348,929 for CYs 2017 through 2019.

Cahaba GBA agreed with our recommendation to work with CMS to ensure that its final settlement of contract costs reflects an increase in the Medicare pension costs of \$348,929 for CYs 2017 through 2019.