

Report in Brief

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



Why OIG Did This Review

The Centers for Medicare & Medicaid Services (CMS) reimburses a portion of the annual contributions that contractors make to their pension plans.

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

Our objective was to determine whether the calendar years (CYs) 2008 through 2013 pension costs that TrailBlazer Health Enterprises, LLC (TrailBlazer), claimed for Medicare reimbursement, and reported on its ICPs, were allowable and correctly claimed.

How OIG Did This Review

We reviewed \$17.6 million of pension costs that TrailBlazer reported on its ICPs for CYs 2008 through 2013. The TrailBlazer Medicare segment closed effective April 30, 2013; therefore, the auditee requested that we address our recommendation to Palmetto Government Benefits Administrator (Palmetto).

TrailBlazer Health Enterprises, LLC, Claimed Some Unallowable Medicare Administrative Contract Pension Costs

What OIG Found

TrailBlazer claimed Medicare pension costs of \$17.6 million for Medicare reimbursement, through its ICPs, for CYs 2008 through 2013; however, we determined that the allowable Cost Accounting Standards (CAS)-based pension costs during this period were \$17.4 million. The difference, \$227,671, represented unallowable Medicare pension costs that TrailBlazer claimed on its ICPs for CYs 2008 through 2013. TrailBlazer claimed these unallowable Medicare pension costs primarily because it based its claim for Medicare reimbursement on incorrectly calculated CAS-based pension costs.

What OIG Recommends and Auditee Comments

We recommend that Palmetto work with CMS to ensure that TrailBlazer's final settlement of contract costs reflects a decrease in Medicare pension costs of \$227,671 for CYs 2008 through 2013.

Palmetto concurred with our recommendation.