



NATIONAL RAILROAD
PASSENGER CORPORATION

Office of Inspector General



Memorandum

To: Gerald Sokol, Jr.,
Executive Vice President/Chief Financial Officer

David R. Warren

From: David R. Warren
Assistant Inspector General, Audits

Date: April 16, 2015

Subject: Engagement Memo -- Health Care Eligibility and Coordination of Benefits for Agreement-Covered Employees Audit (Project Code 013-2015)

We are initiating an audit of Health Care Eligibility and Coordination of Benefits. We understand that health care claims amounting to about \$230 million were paid by third-party administrators for agreement-covered employees in calendar year 2013. Our objective is to determine whether the company's third-party health care administrators are paying only (1) medical and prescription claims for eligible agreement-covered employees, dependents, and retirees and (2) claims that are properly coordinated with Medicare or other coverage.

Using a specialized data-analysis software tool, the audit will review 100 percent of the enrollment eligibility, and medical and prescription drug claims data for calendar years 2013 and 2014. During this audit, we plan to review documents, and interview company officials and staff of third-party administrators to discuss relevant procedures and, should questions arise, the handling of particular claims. Our requests for documents will be made as our work progresses. We will work to minimize the impact of the audit by coordinating interviews and observations with staff in advance.

Our work will be performed in accordance with generally accepted government auditing standards. Our interactions with the company will be consistent with P/I2.1.3, which sets forth the relationship between our office and the company. In particular, section 7.0 of the policy discusses coordination between company officials and our office of audits. To view this policy, see

<http://wiki.corp.nrpc/display/APIM20/2.0+Inspector+General>

We request that your office arrange an entrance conference for us with the appropriate company officials at the earliest possible date. We will keep you advised of the status of our work and any material changes in our objective, should they occur.

Karen Zuckerstein will be the audit manager for this engagement and reports to Vijay Chheda, Senior Director. If you have any questions, please contact me at (202) 906-4742 (David.Warren@amtrakoig.gov) or Vijay Chheda at (202) 906-4661 (Vijay.Chheda@amtrakoig.gov).

cc: Alex B. Melnkovic, Executive Vice President and Chief Human Capital Officer
Eleanor D. Acheson, Executive Vice President and Chief Legal Officer,
General Counsel and Corporate Secretary
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