

Audit Report

Security Controls Over Confidential HHS Information

Dell Children's Health Plan

July 19, 2024

OIG Report No. AUD-24-015



**Inspector
General**

Texas Health
and Human Services



Texas Health and Human Services Office of Inspector General Audit and Inspections Division

Security Controls Over Confidential HHS Information

Dell Children's Health Plan

June 19, 2024

Dear Sara Daugherty:

Dell Children's Health Plan (Dell Children's) complied with some of the information security requirements tested; however, Dell Children's did not comply with certain information security requirements applicable to confidential Texas Health and Human Services (HHS) System information. HHS System information must be managed in accordance with HHS Information Security Controls (IS-Controls) as required by the Uniform Managed Care Contract.

The attachment to this letter summarizes audit results and details on the objectives, scope, methodology, criteria, and standards. Details of audit results were communicated separately in writing.

The HHS Office of Inspector General Audit and Inspections Division (OIG Audit) made recommendations which, if implemented by Dell Children's, will further protect confidential HHS System information.

Sincerely,

Kacy J. VerColen, CPA, CIGA
Chief of Audit and Inspections

Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner
Raymond Charles Winter, HHS Inspector General

Background

During state fiscal year 2023, which included the period from September 1, 2022, through August 31, 2023, Dell Children's provided services to Texas members through the Medicaid STAR program and the Children's Health Insurance Program (CHIP). For these services, Dell Children's received capitation payments totaling \$138 million.

OIG Audit conducted this audit to determine whether Dell Children's had select controls that effectively protected confidential HHS System information.

Attachment

Section 1: Summary of Audit Results and Recommendations

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) reviewed key security controls protecting confidential HHS System information stored and processed by Dell Children's Health Plan (Dell Children's) and exchanged with other external entities. Dell Children's complied with select components of the HHS Information Security Controls (IS-Controls) requirements tested for configuration management.

HHS IS-Controls defines the control groups and requirements for security control baselines intended to protect confidential HHS System information. Each control group contains multiple control enhancements, which can be layered based on data risks, to provide customized controls for information security.

The HHS Information Security Office has classified the managed care organization systems that process and store HHS System information as requiring the HHS IS-Controls baseline of "moderate" with a Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirement overlay; therefore, OIG Audit applied the moderate HHS IS-Controls requirements for testing on this audit.

HHS IS-Controls requires the managed care organization to (a) disable system access prior to or during the termination process,¹ (b) disable inactive accounts within 90 days,² (c) configure authentication settings in accordance with requirements,³ and (d) provide security awareness training to workforce members with access to confidential HHS System information.⁴

¹ HHS Information Security Controls (IS-Controls), Appendix B, PS-04(a) and Std. 1 (Moderate, High), v. 1.2.2 (Dec. 20, 2021).

² HHS Information Security Controls (IS-Controls), Appendix B, AC-02(03), v. 1.2.2 (Dec. 20, 2021).

³ HHS Information Security Controls (IS-Controls), Appendix B, IA-05(01)(a) and (d-e), v. 1.2.2 (Dec. 20, 2021).

⁴ HHS Information Security Controls (IS-Controls), Appendix B, AT-02(a) and (c), v. 1.2.2 (Dec. 20, 2021).

Pursuant to Standard 9.61 of *Government Auditing Standards* issued by the Comptroller General of the United States, certain information was omitted from this report because the information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

The following section of this report presents additional information about the audit results and are considered written education in accordance with Texas Administrative Code.⁵ In addition, other audit issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,⁶ including administrative penalties.⁷

OIG Audit made recommendations to Dell Children's which, if implemented, will further protect confidential HHS System information.

⁵ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

⁶ 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

⁷ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

Table 1 summarizes the issues and recommendations.

Table 1: Summary of Issues and Recommendations

Description of Issues	Recommendations
<p>Dell Children’s did not:</p> <ul style="list-style-type: none"> • Timely disable user accounts, which had access to confidential HHS System information, when access was no longer required. • Appropriately configure account authentication control settings. • Verify contractors completed security awareness training as required. 	<p>Dell Children’s should verify and demonstrate that it manages user accounts, authentication settings, and security awareness training in accordance with HHS IS-Controls requirements.</p>

Details of these issues were communicated to authorized personnel in a separate report.

Management Response

Action Plan

- Timely disable user accounts when access is no longer required.
- Appropriately configure account authentication control settings.
- Verify contractors completed security awareness training.

Responsible Managers

- President and Chief Executive Officer of Dell Children’s Health Plan
- Human Resources Business Partner
- Senior Director of Technology
- Manager of Technology and Security

Target Implementation Date

January 4, 2025

Section 2: Background

Dell Children's:

- Coordinates health services for members⁸ in the STAR program and the Children's Health Insurance Program (CHIP).
- Facilitates Medicaid and CHIP (a) provider claims processing and (b) provider and member benefits administration.

Dell Children's supports its Medicaid and CHIP operations through its information technology infrastructure, including networks, applications, databases, web portals, and call centers supporting members and providers.

Dell Children's workforce accesses the network via a portal application that authenticates the users through Active Directory⁹ and a multifactor authentication solution.¹⁰ Once authenticated on the network, authorized users can access the claims management application and other resources through a non-single sign-on¹¹ solution.

⁸ A "member" is an individual who is enrolled with a state-contracted Medicaid or CHIP managed care organization as a subscriber or dependent.

⁹ Active Directory is a network authorization and authentication service utilized by Windows operating systems.

¹⁰ "Multifactor authentication" is an authentication system that requires more than one distinct authentication factor for successful authentication.

¹¹ "Non-single sign-on" is an authentication process that allows a user to access multiple applications with multiple sets of login credentials.

Section 3: Objective, Scope, Methodology, Criteria, and Standards

Objective and Scope

The audit objective was to determine whether Dell Children’s had select information security controls to protect confidential HHS System information.

The audit scope (a) covered, for the period from September 1, 2022, through August 31, 2023, the Medicaid and CHIP contracts between Dell Children’s and the Texas Health and Human Services Commission (HHSC) and (b) included a review of Dell Children’s internal controls through the end of fieldwork on April 18, 2024, as well as testing of controls that were significant within the context of the audit objectives.

Methodology

OIG Audit reviewed select key information security controls protecting confidential HHS System information in the custody of Dell Children’s. OIG Audit also reviewed Dell Children’s system of internal controls, including components of internal control,¹² within the context of the audit objectives.

Data Reliability

OIG Audit assessed the reliability of user account data provided by Dell Children’s by tracing user information to Dell Children’s human resources reports and interviewing relevant Dell Children’s personnel knowledgeable about the systems and data. OIG Audit determined that the data was sufficiently reliable for the purpose of this audit.

Testing Methodology

OIG Audit collected information for this audit through interviews and electronic communications with Dell Children’s management and staff. Auditors examined

¹² For more information on the components of internal control, see the United States Government Accountability Office’s *Standards for Internal Control in the Federal Government*, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

key IT security controls and relevant activities supporting data confidentiality at Dell Children's by:

- Reviewing policies and procedures to understand the design of controls.
- Conducting meetings to interview key personnel and observe security procedures and processes.
- Testing the effectiveness of the controls designed to safeguard information processed and stored by Dell Children's.

Sampling Methodology

OIG Audit collected, reviewed, and analyzed complete populations of user data to perform selected tests. Auditors used risk-based, nonstatistical samples of user populations to perform checks on Dell Children's processes and procedures over controls related to (a) access, (b) personnel security, and (c) awareness and training. Additionally, auditors used risk-based, nonstatistical samples of production changes for the claims management application to perform checks on Dell Children's processes and procedures over controls related to configuration management. These sample designs were chosen to address specific factors identified in the populations. The sample items were generally not representative of the populations for the entities; therefore, it would not be appropriate to project the test results to those populations.

Criteria

OIG Audit used the following criteria to evaluate the information provided:

- Uniform Managed Care Contract, v. 2.36 (2022), as amended
- HHS Information Security Controls (IS-Controls), Appendix B, v. 1.2.2 (2021)
- "Ascension Administrative Standard - Termination and Transfer" (2019)¹³

¹³ Seton Health Plan, Inc., d/b/a Dell Children's Health Plan, is a subsidiary of Ascension Health Alliance, d/b/a Ascension (Ascension).

Auditing Standards

Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Section 4: Related Reports

- Security Controls Over Confidential HHS Information: Driscoll Health Plan, [AUD-23-024](#), August 15, 2023
- Security Controls Over Confidential HHS Information: Community Health Choice, [AUD-22-015](#), July 22, 2022
- Security Controls Over Confidential HHS Information: Scott and White Health Plan, [AUD-21-017](#), July 30, 2021
- Security Controls Over Confidential HHS Information: Parkland Community Health Plan, Inc., [AUD-21-006](#), January 20, 2021
- Security Controls Over Confidential HHS Information: Aetna Better Health of Texas, [AUD-20-017](#), August 24, 2020
- Security Controls Over Confidential HHS System Information: El Paso Health, [AUD-20-009](#), April 24, 2020
- Security Controls Over Confidential HHS System Information: Children’s Medical Center Health Plan, [AUD-20-002](#), December 20, 2019
- Security Controls Over Confidential HHS System Information and Business Continuity and Disaster Recovery Plans: Texas Children’s Health Plan, [AUD-19-025](#), July 31, 2019
- Audit of Security Controls Over Confidential HHS System Information: Amerigroup Texas, Inc., [AUD-19-006](#), November 30, 2018
- Audit of Security Controls Over Confidential HHS System Information: Community First Health Plans, [AUD-18-031](#), August 2, 2018
- Security Controls Over Confidential HHS System Information: MAXIMUS Enrollment Broker, [AUD-18-011](#), February 23, 2018
- Audit of Security Controls Over Confidential HHS Information System: FirstCare Health Plans, [AUD-17-017](#), August 22, 2017

Section 5: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

For more information on the STAR program:

"STAR Medicaid Managed Care Program," HHS,
<https://www.hhs.texas.gov/services/health/medicaid-chip/medicaid-chip-members/star-medicaid-managed-care-program> (accessed May 20, 2024)

For more information on CHIP:

"Medicaid & CHIP," HHS,
<https://www.hhs.texas.gov/services/health/medicaid-chip/medicaid-chip-members/chip> (accessed May 20, 2024)

For more information on Dell Children's Health Plan:

Homepage, Dell Children's Health Plan,
<https://dellchildrenshealthplan.com> (accessed May 20, 2024)

Section 6: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

- Kacy J. VerColen, CPA, CIGA, Chief of Audit and Inspections
- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Ryan Belcik, CISA, Audit Director
- Jennifer Wu, CISA, Senior Managing Auditor
- Errol Baugh, Senior Auditor
- Abelardo Lopez, Jr., Staff Auditor
- Shantell Jarrett, Staff Auditor
- James Hicks, CISA, Quality Assurance Reviewer
- Mo Brantley, Senior Audit Operations Analyst

Report Distribution

Texas Health and Human Services Commission

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Raymond Charles Winter, Inspector General
- Maurice McCreary, Jr., Chief Operating Officer
- Ricardo Blanco, Chief Information Officer
- Vikram Muralidharan, Chief Information Security Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Chief Audit Executive

- Emily Zalkovsky, Chief Medicaid and CHIP Services Officer, Medicaid and CHIP Services
- Camisha D. Banks, Deputy Executive Commissioner for Managed Care, Medicaid and CHIP Services
- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services

Dell Children's Health Plan

- Sara Daugherty, President and Chief Executive Officer
- Sharon Jandrain, Director of Compliance, Government Programs

Section 7: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Raymond Charles Winter, Inspector General
- Susan Biles, Principal Deputy Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Eugenia Krieg, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Diane Salisbury, Chief of Data Reviews
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

To Obtain Copies of OIG Reports

- OIG website: ReportTexasFraud.com

To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

To Contact OIG

- Email: oig.generalinquiries@hhs.texas.gov
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000