

Audit Report

# Security Controls Over Confidential HHS Information

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Community Health Choice



**Inspector  
General**

Texas Health  
and Human Services

July 22, 2022

OIG Report No. AUD-22-015



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

# Security Controls Over Confidential HHS Information Community Health Choice

July 22, 2022

Dear Ms. Wright:

Community Health Choice Texas, Inc. (Community Health Choice) complied with most of the information security requirements tested and established procedures to ensure continuation of the operations necessary to deliver services to Medicaid and Children's Health Insurance Program (CHIP) members in the event of an emergency or disaster. However, Community Health Choice did not comply with certain information security requirements applicable to confidential 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.

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

Sincerely,

Kacy J. VerColen, CPA  
Deputy Inspector General of Audit and Inspections

Attachment

cc: Cecile Erwin Young, HHS Executive Commissioner  
Sylvia Hernandez Kauffman, HHS Inspector General

## Background

During state fiscal year 2021, which includes the period from September 1, 2020, through August 31, 2021, Community Health Choice provided managed care to an average of 340,075 members through the Medicaid State of Texas Access Reform (STAR) and CHIP programs for which it received capitation payments totaling \$1.6 billion.

OIG Audit conducted the audit to determine whether (a) confidential HHS System information in the custody of Community Health Choice was protected as required and (b) plans were developed and tested, and Community Health Choice's workforce was trained to support availability and continuity of business operations and services to members in the event of information technology (IT) outages or disasters.

# Attachment

## Section 1: Summary of Audit Results and Recommendations

The HHS OIG Audit and Inspections Division (OIG Audit) reviewed key security controls protecting confidential HHS System information stored and processed by Community Health Choice and exchanged with other external entities.

Community Health Choice complied with HHS IS-Controls requirements tested for the following control groups:

- Awareness and Training
- Security Assessment and Authorization
- Configuration Management
- Contingency Planning
- Incident Response
- Maintenance
- Media Protection
- Physical and Environmental Protection
- Planning
- Program Management
- Risk Assessment
- System and Communications Protection
- System and Information Integrity

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 in work on this audit.

HHS IS-Controls requires the information system to (a) disable inactive accounts within 90 days,<sup>1</sup> (b) disable information system access prior to or during the termination process,<sup>2</sup> and (c) configure system security and authentication settings in accordance with guidelines.<sup>3</sup>

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.

OIG Audit made recommendations to Community Health Choice which, if implemented, will further protect confidential HHS information. Community Health Choice agreed with the recommendations and indicated it would implement corrective actions.

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<sup>1</sup> HHS Information Security Controls, Appendix B, AC-02(03), v 1.0 (Feb. 9, 2018) through v. 1.1 (Sept. 28, 2020).

<sup>2</sup> HHS Information Security Controls, Appendix B, PS-04a,f, v 1.0 (Feb. 9, 2018) through v. 1.1 (Sept. 28, 2020).

<sup>3</sup> HHS Information Security Controls, Appendix B, AC-07 and IA-05(01)e, v 1.0 (Feb. 9, 2018) through v. 1.1 (Sept. 28, 2020).

Table 1 summarizes the issue and recommendation.

**Table 1: Summary of Issue and Recommendation**

| Description of Issue  | Recommendation  |
|---|---|
| Community Health Choice did not (a) consistently ensure that network and claims management accounts and applications were disabled when user access was no longer required, (b) enforce requirements for locking accounts when unsuccessful log on attempts occurred, and (c) enforce all authentication requirements as required by HHS IS-Controls. | Community Health Choice should ensure access and authentication controls for its network and claims management accounts and applications are managed in accordance with HHS IS-Controls requirements. |

Details of this issue were communicated to authorized personnel in a separate report.

## Management Response

### Action Plan

#### Inactive accounts:

Community health Choice has implemented a process to review and disable accounts that have been inactive for a period greater than 60 days. This was implemented in July 2022.

#### Terminated Employees:

Community Health Choice has made revisions to the process to receive new hire, transfers and terminations. Historically, notification of terminations were submitted to IT by the managing department, the process revision includes receiving the termination notice directly from the HR/Payroll system via a daily report/feed. This report/feed is reviewed and processed by the IT infrastructure team on a daily basis. Updates are made to Active Directory, claim management accounts and applications on the same day as the report/feed notification. This was implemented in June 2022.

**Ongoing Actions:**

Community will automate this process in the future with the implementation of the Service Now On-Boarding project. This project will automate the notifications to IT when staff person is termed.

**Responsible Manager**

Director of Network and Telecom

**Target Implementation Date**

November 2022

## Section 2: Background

Community Health Choice:

- Coordinates health services for members<sup>4</sup> in the Medicaid State of Texas Access Reform (STAR) and Children’s Health Insurance Program (CHIP) programs.
- Facilitates Medicaid and CHIP (a) provider claims processing and (b) provider and member benefits administration.

Community Health Choice supports its Medicaid and CHIP operations through its IT infrastructure, including networks, applications, databases, web portals, and call centers supporting members and providers.

When working remotely, Community Health Choice’s workforce accesses the network via a portal application that authenticates the users through a directory service and multi-factor authentication solution.<sup>5</sup> Once authenticated on the network, authorized users can access the claims management application and other resources through a single sign-on<sup>6</sup> solution.

Community Health Choice maintains multiple data centers designed to sustain operations in the event of a disruption at a data center. Community Health Choice backs up claims data daily for storage at the data centers.

Community Health Choice received and exchanged Medicaid and CHIP information from and with the Texas Medicaid and Healthcare Partnership (TMHP) through clearinghouses and other third parties using secure file transfers.

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<sup>4</sup> A “member” is an individual who is enrolled with a state-contracted Medicaid or CHIP managed care organization as a subscriber or dependent.

<sup>5</sup> “Multi-factor authentication” is an authentication system that requires more than one distinct authentication factor for successful authentication.

<sup>6</sup> “Single sign-on” is an authentication process that allows a user to access multiple applications with one set of login credentials.

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

### Objective and Scope

The audit objectives were to assess the design and effectiveness of:

- Selected information security controls over confidential HHS System information stored and processed by Community Health Choice.
- Business continuity and disaster recovery planning for selected activities related to the delivery of managed care services to HHS members enrolled with Community Health Choice.

The audit scope covered, for September 1, 2020, through August 31, 2021, the Medicaid and CHIP contracts between Community Health Choice and the Texas Health and Human Services Commission and included a review of Community Health Choice's internal controls through the end of fieldwork on May 31, 2022 as well as testing of controls that were significant within the context of the audit objectives.

### Methodology

OIG Audit reviewed key information security controls protecting confidential HHS System information in the custody of Community Health Choice. OIG Audit also reviewed Community Health Choice's system of internal controls, including components of internal control,<sup>7</sup> within the context of the audit objectives.

Auditors reviewed key IT security controls and relevant activities supporting data confidentiality, integrity, and availability at Community Health Choice by (a) reviewing policies and procedures in detail to gain an understanding of the design of controls, (b) conducting an in-person walkthrough of the primary data-center and remotely interviewing key personnel and observing security procedures and processes remotely, and (c) testing the effectiveness of the

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<sup>7</sup> 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).



controls designed to protect or recover information processed and stored by Community Health Choice.

### **Data Reliability**

OIG Audit assessed the reliability of user account data provided by Community Health Choice by tracing user information to Community Health Choice human resources reports and interviewing relevant Community Health Choice 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 discussions, interviews, and electronic communications with Community Health Choice management and staff. Auditors examined key IT security controls and relevant activities supporting data confidentiality, integrity, and availability at Community Health Choice by:

- Reviewing policies and procedures in detail to gain an understanding of the design of controls.
- Conducting Microsoft Teams sessions to interview key personnel and observe security procedures and processes.
- Testing the effectiveness of the controls designed to protect or recover information processed and stored by Community Health Choice.

### **Sampling**

Auditors collected, reviewed, and analyzed complete populations of user data to perform selected tests. Auditors used samples of user populations to perform checks on Community Health Choice's processes and procedures over access controls and training. Therefore, it would not be appropriate to project the findings to the population.

## Criteria

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

- 1 Tex. Admin. Code, § 202.1, § 202.3, and Subchapter B (2015) and (2021)
- Uniform Managed Care Contract, v. 2.31 (2020) through v. 2.33 (2021)
- HHS Information Security Controls (IS-Controls), v. 1.0 (2018) through v. 1.1 (2020)

## 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: 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 State of Texas Access Reform (STAR):**

“STAR Medicaid Managed Care Program”

<https://www.hhs.texas.gov/services/health/medicaid-chip/medicaid-chip-members/star-medicaid-managed-care-program> (accessed May 11 2022)

### **For more information on Children’s Health Insurance Program (CHIP):**

“Medicaid & CHIP” <https://www.hhs.texas.gov/services/health/medicaid-chip/medicaid-chip-members/chip> (accessed May 11 2022)

### **For more information on Community Health Choice:**

Homepage, Community Health Choice

<https://www.communityhealthchoice.org> (accessed May 11, 2022)

## Section 6: Report Team and Distribution

### Report Team

OIG staff members who contributed to this audit report include:

- Kacy J. VerColen, CPA, Deputy Inspector General of Audit and Inspections
- Anton Dutchover, CPA, Audit Director
- Daniel Graf, CISA, Audit Project Manager
- Larry Sapieha, Staff Auditor
- Bennie Hookfin, Staff Auditor
- Jim Hicks, CISA, Quality Assurance Reviewer
- Mo Brantley, Senior Audit Operations Analyst

### Report Distribution

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- Karen Ray, Chief Counsel
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- Nicole Guerrero, Chief Audit Executive
- Stephanie Stephens, Chief Medicaid and CHIP Services Officer, Medicaid and CHIP Services
- Emily Zalkovsky, Deputy State Medicaid Director, Medicaid and CHIP Services
- Shannon Kelley, Associate Commissioner for Managed Care, Medicaid and CHIP Services

- Ricardo Blanco, Deputy Executive Commissioner, Information Technology and Chief Information Officer
- Thuy Cao, Chief Information Security Officer

### **Community Health Choice**

- Lisa Wright, President and Chief Executive Officer
- John Haley, Chief Operations Officer
- Laurie Levermann, Chief Information Officer
- Karen Quirk, Chief Legal Council
- Doug Pharms, Director of Network and Telecom
- Daniel Barzman, Chief Compliance Officer
- Richard Hobbs, Manager – Information Security

## 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:

- Sylvia Hernandez Kauffman, Inspector General
- Audrey O'Neill, Principal Deputy Inspector General, Chief of Audit and Inspections
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Steve Johnson, Chief of Investigations and Reviews

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- OIG website: [ReportTexasFraud.com](http://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: [OIGCommunications@hhs.texas.gov](mailto:OIGCommunications@hhs.texas.gov)
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