

Maintenance Level

M2-AU ProviderOne SOC Requirement

Agency Recommendation Summary Text

The Health Care Authority (HCA) requests \$470,000 (\$123,000 GF-State) in the 2017-2019 biennium to contract for additional ProviderOne (P1) Statement on Standards for Attestation Engagements No. 16 (SSAE-16) audits to comply with the State Auditor's Office (SAO) requirements.

Fiscal Summary

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-1 GF-State	\$59,000	\$64,000	\$64,000	\$94,000
Fund 001-C GF-Medicaid	\$166,000	\$181,000	\$181,000	\$266,000
Total Cost	\$225,000	\$245,000	\$245,000	\$360,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-C GF-Medicaid	\$166,000	\$181,000	\$181,000	\$266,000
Total Revenue	\$166,000	\$181,000	\$181,000	\$266,000
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E – Goods & Services	\$225,000	\$245,000	\$245,000	\$360,000

Package Description

SSAE-16 is a widely recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). The SSAE-16 audit is a process by which an independent accounting firm assesses a service organization's controls relevant to the security, availability and processing integrity of the system and the privacy or confidentiality of the information and system processes. The audit requires the services organization to demonstrate that they have adequate controls and privacy/security safeguards in place for hosting and processing data. The Service Organization Controls (SOC) report, which includes the independent auditing firm's opinion, is issued at the conclusion of the SSAE-16 audit.

P1 is the state's Medicaid Management Information System (MMIS). The P1 contract currently includes a requirement for SSAE-16 audits and production of a SOC 2 Report every two years; each bi-annual review includes a six-month review timeframe. The SAO has notified the HCA of the requirement to amend the P1 contract to

require an annual SSAE-16 audit that covers a 12-month review period. This funding request covers the cost of an amendment to the P1 contract to add this SSAE-16 audit requirement.

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Decision Package Justification and Impacts

Performance Measure Detail:

Activity Inventory

H003 HCA Information Technology

What specific performance outcomes does the agency expect?

The SSAE SOC 2 Type II Report provides evidence regarding the design and operating effectiveness of controls as they relate to security, processing integrity, confidentiality and privacy of the P1 system. Technological changes and high-profile healthcare security breaches have heightened the need for the HCA to monitor and demonstrate the confidentiality, integrity and accuracy of the P1 system. In addition, the SAO is requiring more frequent SSAE-16 reporting to ensure that the HCA is properly monitoring these requirements. If proper safeguards are not in place, the HCA's Medicaid clients and providers are at increased risk for breach of personally identifiable health care records and the HCA is at risk of high costs associated with responding to data breaches. Ensuring that the system is protected lowers the HCA's risk of the high costs associated with responding to data breaches.

What alternatives were explored by the agency and why was this option chosen?

The HCA has not considered other alternatives for implementing the SSAE-16 Audit. The HCA has been notified by the SAO that there is an obligation to conduct this audit.

What are the consequences of not funding this request?

Funding is necessary to assist the HCA to implement the SSAE-16 Audit. Doing so allows the HCA to comply with the SAO request.

How has or can the agency address the issue or need in its current appropriation level?

No, the agency cannot address this need in our current appropriation level.

Provide references to any supporting literature or materials:

None

Base Budget

If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

The Client Network Services Incorporated (CNSI) contract has a fixed price for operations and maintenance. These services include a SOC 2 Report every two years; each bi-annual review includes a six-month review timeframe. Because this is a performance based contract, the cost for this service is imbedded in the fixed price and is not separately priced. The funding requested in this proposal is for the incremental cost of the increased scope of services.

Expenditure, FTE and Revenue Assumptions, Calculations and Details:

- Revenue assumes the costs for this request will qualify for enhanced federal funding at 74 percent federal financial participation;
- No HCA resources are necessary for these additional services;
- In January 2016,CNSI provided a firm offer for these services that has since expired. The estimate in this request assumes that a future quote would include approximately a six percent increase.

Impacts to Communities and Other Agencies

Fully describe and quantify expected impacts on state residents and specific populations served.

SSAE-16 audits and the production of the SOC 2 Report is internal to the HCA and does not impact clients or stakeholders. However, the audit ensures that proper safeguards are in place; if those safeguards are not in place, the HCA's Medicaid clients and providers are at increased risk for breach of personally identifiable health care data.

What are other important connections or impacts related to this proposal?

This audit ensures proper safeguards are in place, which protects the HCA's Medicaid clients and providers from increased risk of breach of personally identifiable health care records. Assurance that our system is protected lowers the HCA's risk of the high costs associated with responding to data breaches.

Does this request have:

Regional/county impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other local government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Tribal government impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other state agency impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

Does this request:


Have any connection to Puget Sound recovery?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Respond to specific task force, report, mandate or executive order?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Contain a compensation change?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require a change to a collective bargaining agreement?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Create facility/workplace needs or impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Contain capital budget impacts?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Require changes to existing statutes, rules or contracts?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Have any relationship to or result from litigation?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If “Yes” to any of the above, please provide a detailed discussion of connections/impacts.

An amendment to the P1 contract with CNSI will be required for the system enhancements.

Information Technology (IT)

Does this request include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No
- Yes  Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-2019 Biennium Information Technology Addendum

Part 1: Itemized IT Costs

Please itemize any IT-related costs, including hardware, software, services (including cloud-based services), contracts (including professional services, quality assurance, and independent verification and validation), or IT staff. Be as specific as you can (See chapter 12.1 of the operating budget instructions for guidance on what counts as “IT-related costs”).

All costs are for contracted services provided by the ProviderOne vendor CNSI.

Information Technology Items in this DP	FY 2018	FY 2019	FY 2020	FY 2021
Vendor Costs	\$225,000	\$245,000	\$245,000	\$360,000
Total Cost	\$225,000	\$245,000	\$245,000	\$360,000

Part 2: Identifying IT Projects

If the investment proposed in the decision package is the development or acquisition of an IT project/system, or is an enhancement to or modification of an existing IT project/system, it will also be reviewed and ranked by the OCIO as required by RCW 43.88.092. The answers to the three questions below will help OFM and the OCIO determine whether this decision package is, or enhances/modifies, an IT project:

Does this decision package fund the development or acquisition of a new or enhanced software or hardware system or service?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Does this decision package fund the acquisition or enhancements of any agency data centers? (See OCIO Policy 184 for definition.)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does this decision package fund the continuation of a project that is, or will be, under OCIO oversight? (See OCIO Policy 121.)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If “Yes” to any of these questions, complete a concept review with the OCIO before submitting this budget request. Refer to chapter 12.2 of the operating budget instructions for more information.