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Correspondence Memorandum

Date: July 24, 2020
To: Group Insurance Board
From: Douglas Wendt, Health Policy Advisor
 Office of Strategic Health Policy
Subject: Information Systems Security Audit Update


This memo is for informational purposes only. No Board action is required.

The Legislative Audit Bureau (LAB) audit of the Group Health Insurance Program (GHIP) contained a recommendation for the Department of Employee Trust Funds (ETF) to collect all contractually required audits of information technology controls and provide the Group Insurance Board (Board) with the results of audit reviews.

As a result, ETF requested information system security audits for the prior calendar year (2019), as defined by the ETF Department Terms and Conditions (DTCs), from ten fully-insured health plan providers, three supplemental providers and four benefit support providers contracted with the Board to offer coverage under the state GHIP to state employees, retirees and participating local government employees. The DTCs are a governing document that establish standard requirements and obligations for all vendors that enter into a contractual agreement with ETF. The information management security audit requirement provides annual assurance to ETF that all contracted health plans have adequate information system security policies and protocols in place.

Health plans submitted their initial responses to the information systems security audit request in May. ETF's preferred annual attestation is a SSAE No. 18 (SOC 2, Type 2) audit report, which provides assurance that a health plan has adequate information system security policies and protocols in place. However, only a small number of health plans currently conduct a SOC 2, Type 2, or are in the process of establishing an annual SOC 2, Type 2 audit. All of the supplemental vendors and benefit support providers provide SOC 2, Type 2 documentation.

ETF worked with health plans on an individual basis to identify pertinent documentation that could be an acceptable alternate submission. The available number and type of potential documentation varied from plan to plan.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy
 Electronically Signed 8/3/20

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ETF completed its second annual review of all vendor submissions. While the findings were varied, the vendors exhibit an upward trend in maturation. Ten vendors demonstrated a high level of compliance, including all of the supplemental vendors and benefit support providers. Seven vendors demonstrated a moderate degree of compliance that can be improved with additional documentation. No vendors constitute an elevated risk. ETF will continue to work with vendors to improve overall audit submission compliance in future years.

Additional detail on the compliance status of individual health plans will be provided by leadership of the ETF Bureau of Information Security Management (BISM) at the November 18 Board meeting. Details on the status of last year's health plan submissions was provided to the Board at the February 2020 meeting.

Staff will be available at the Board meeting to answer any questions.