STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

May 13, 2015

Office of Internal Audit Services
Office of the State Budget
George W. Romney Building
111 South Capitol, 6th Floor
Lansing, Michigan 48913

Dear Mr. Bankowski:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are the preliminary summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of the Community Health Automated Processing System Claims Edits (CHAMPS).

Questions regarding the summary table or corrective action plans should be directed to me at (517) 373-1508 or Myersp3@michigan.gov.

Sincerely,

Signature Redacted

Pam Myers, Director
Office of Audit

Enclosure

cc: Office of the Auditor General   House Appropriations Committee
     House Fiscal Agency   House Standing Committee
     Senate Fiscal Agency   Senate Appropriations Committee
     Executive Office   Senate Standing Committee
     DHHS, Nick Lyon   DHHS, Steve Fitton
     DHHS, Timothy Becker   DHHS, Karla Ruest
     DHHS, Karen Parker

PERFORMANCE AUDIT OF
COMMUNITY HEALTH AUTOMATED MEDICAID
PROCESSING SYSTEM (CHAMPS) CLAIMS EDITS

DEPARTMENT OF COMMUNITY HEALTH

April 1, 2015

AUDIT RESPONSE

Approved: _Farah O. Hanley_____
Farah Hanley, Senior Deputy Director
Department of Community Health

Date: _4/6/15_____

AUDIT REPORT SUMMARY

DEPARTMENT: Community Health

AUDIT PERIOD: October 1, 2012 through May 31, 2014

REPORT DATED: January 16, 2015

DISPOSITION OF AUDIT RECOMMENDATIONS

CITATIONS COMPLIED WITH	CITATIONS TO BE COMPLIED WITH	CITATIONS DCH DID NOT AGREE WITH
	Finding 1	
Finding 2		
	Finding 3	
	Finding 4	

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Recommendation 1:   Access Controls Monitoring

The OAG recommended that the DCH, in conjunction with DTMB, effectively monitor the contractor's logical access controls over the CHAMPS claims edit rules application

Response:
Access and approval processes for contractors has been incorporated into the formal approval process already in place for the CHAMPS claims edit rules application.

The contractor is also adding security enhancements including:
- Password policies
- Enforcing strong password rules
- Users must change their initial password at first use of the claims Rule Editor
- Users to periodically change their password
- Session Management
- Enforcing a limit on the number of consecutive invalid log-in attempts
- Session lock after a specific period of inactivity

The contactor is in the process of testing these changes to ensure it meets the security requirements. Planning continues for demonstration of the changes to DCH before roll-out to the respective environment for testing (UAT). Due to current release schedule, the changes should be placed into production by the end of April 2015.

Finally, administrative logging has now been activated for all rules engine components.   The contactor provides the user access and audit logs to DCH and DTMB on a quarterly basis.

Recommendation 2:   Controls Over the Disposition of Claims Edits

The OAG recommended that the DCH restrict user access to modify CHAMPS claims edit dispositions consistent with users' assigned job responsibilities.

Response:
DCH has modified security profiles in CHAMPS to remove the edit dispositions functionality from profiles where it is not required. DCH is requiring that two of the users submit new requests through its Database Security Application (DSA) which will remove the access to the profile that includes this role. The other two user accounts have had the access removed. DCH is performing an ad-hoc reconciliation of user accounts between the DSA and CHAMPS to ensure that all users have the appropriate access. This reconciliation process will be done on a monthly basis.

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Recommendation 3:   Change Management Controls

The OAG recommended that DCH and DTMB develop a comprehensive process to help ensure that program changes to CHAMPS claims edits are managed consistently and properly implemented for medical claims payment processing.

Response:
DCH has partially complied with the audit recommendation and continues to make progress toward completion.

a) A new tracking template is in the process of implementation to allow for tracking and approvals to be documented at each step of the change control process. All documentation will be archived for visibility and future retrieval. Due to current CHAMPS updates schedule, the changes will be placed into production by the end of April 2015.

b) A ticket/tracking tool was updated to include rationale for including items in releases in March 2015. The tools is scheduled to be placed into production in June 2015. User training continues across all subsystems in the utilization of the new functionality. Upon completion of the content approval process, the master template, including the rationale for each ticket item, will be archived in a repository.

c) A Master template will be utilized and archived as part of CHAMPS major release scheduled for June 2015. All documentation will be archived in a repository for visibility and future retrieval.

d) Full post-go-live reconciliation activities will be initiated as part of CHAMPS major release scheduled for the end of April 2015. All documentation will be archived in a repository for visibility and future retrieval.

e) DCH has made modifications to tracking tools to further enable consistent documentation of impacts and risks for system changes. Due to current CHAMPS updates schedule, the changes will be placed into production during the June 2015 major release.

f) DCH and DTMB continue to thoroughly document UAT procedures and document in the repository.

g) All system defects are tracked and documented through meeting minutes. Minutes from the meetings are archived in the document repository.

Recommendation 4:   CHAMPS Claims Edit Dispositions

The OAG recommended that DCH implement adequate internal control over the creation of CHAMPS claims edit dispositions.

Response:
DCH has partially complied with the audit recommendations and continues to work toward compliance.

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a) DCH has created and implemented written procedures for alternate dispositions for employees to follow including management review and documentation to consistently carry out this process.

b) DCH has requested that the contractor develop a reporting mechanism that enables managers to verify the appropriateness and accuracy of alternate dispositions entered in CHAMPS. The anticipated completion of the reporting mechanism is September 2015.

c) DCH has revised the current request form to include all necessary requirements to create an alternative disposition.

d) DCH has implemented a "Decision Document" form to document change requests and management pre-approval of alternate disposition changes. The "Decision Document" is uploaded to SharePoint and tracks the approval process.