MARYLAND DID NOT ADEQUATELY SECURE ITS MEDICAID DATA AND INFORMATION SYSTEMS

Inquiries about this report may be addressed to the Office of Public Affairs at Public.Affairs@oig.hhs.gov.

Gloria L. Jarmon
Deputy Inspector General
for Audit Services

August 2018
A-18-16-30520
The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

**Office of Audit Services**

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

**Office of Evaluation and Inspections**

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

**Office of Investigations**

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

**Office of Counsel to the Inspector General**

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG’s internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.
NOTICES

THIS REPORT IS AVAILABLE TO THE PUBLIC at https://oig.hhs.gov

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG website.

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.
Why OIG Did This Review
HHS oversees States’ use of various Federal programs, including Medicaid. State agencies are required to establish appropriate computer system security requirements and conduct biennial reviews of computer system security used in the administration of State plans for Medicaid and other Federal entitlement benefits (45 CFR § 95.621). This review is one of a number of HHS, Office of Inspector General, reviews of States’ computer systems used to administer HHS-funded programs.

Our objective was to determine whether Maryland adequately secured its Medicaid Management Information System (MMIS) and data and whether it claimed certain Medicaid administrative costs in accordance with Federal requirements.

How OIG Did This Review
We reviewed Maryland’s MMIS policies and procedures, interviewed staff, and reviewed supporting documentation that Maryland provided. In addition, we used vulnerability assessment scanning software to determine whether security-related vulnerabilities existed on selected MMIS supporting network devices, websites, servers, and databases. We communicated to Maryland our preliminary findings in advance of issuing our draft report.

Maryland Did Not Adequately Secure Its Medicaid Data and Information Systems

What OIG Found
Maryland did not adequately secure its Medicaid data and information systems in accordance with Federal requirements and guidance. Although Maryland had adopted a security program for its MMIS, numerous significant system vulnerabilities existed. These vulnerabilities remained because Maryland did not implement sufficient controls over its MMIS data and information systems. Although we did not identify evidence that anyone had exploited these vulnerabilities, exploitation could have resulted in unauthorized access to and disclosure of Medicaid data, as well as the disruption of critical Medicaid operations. These vulnerabilities were collectively and, in some cases, individually significant and could have compromised the integrity of Maryland’s Medicaid program.

We did not review Maryland’s Medicaid administrative costs that resulted from the failed MMIS replacement project. At the time of our audit, Maryland was engaged in ongoing litigation with the contractor. Accordingly, we make no recommendations regarding those costs.

What OIG Recommends and Maryland Comments
We recommend that Maryland improve its Medicaid security program to secure Medicaid data and information systems in accordance with Federal requirements.

In written comments on our draft report, Maryland concurred with our recommendations and described actions that it had taken or plans to take to implement them.