

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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The Honorable Jeffrey V. Kessler, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Room 227 M, Building 1
State Capitol Complex
Charleston WV 25306

The Honorable Timothy R. Miley, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, West Virginia

Dear Co-Chairs:

We have completed a post audit of the West Virginia Health Information Network (WVHIN) at the request of the Legislative Auditor. We conducted this audit, which is a performance audit, in accordance with the standards applicable to performance audits contained in *Generally Accepted Government Auditing Standards (GAGAS)*. Our audit scope included a review of applicable internal control and compliance with the W.Va. Code, State Auditor's Office P-card Policy, Expenditure Schedule Instructions, Legislative Rules, best business practices, and WVHIN internal policies and procedures applicable for the period of July 1, 2012 through June 30, 2013 necessary to answer the audit objectives. The scope over internal controls involved only assessing those controls that were significant to the objectives listed in this letter. To conclude on the adequacy of internal controls regarding WVHIN as a whole was not a specific objective of this audit; and thus was not undertaken.

Our objectives and conclusions are stated below:

Objective 1: Did the WVHIN implement the corrective action plan they submitted to the State Health Information Exchange Program in order to be compliant with Code of Federal Regulation (CFR) 45 Part 74 and 92; CFR 2 Part 225, 220 and 230; and Office of Management Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations?

Conclusion: Based upon our audit results, we determine the WVHIN did implement the corrective action plan they submitted to the State Health Information Exchange. The effectiveness of this corrective action plan was confirmed by the Office of National Coordinator (ONC) on July 20, 2012. On this date, WVHIN received a letter from the ONC removing it from the corrective action plan.

Objective 2: Does the WVHIN have adequate controls in order to protect individuals' Protected Health Information that are compliant with the Health Insurance Portability and Accountability Act (HIPAA) Security and Privacy Rule covered under CFR 45 part 160 and 164 subparts A,C and E?

Conclusion: Based upon our audit and review of the WVHIN personnel, procedures, observations and interviews, we conclude that the WVHIN provide adequate controls to ensure that WVHIN is compliant with HIPAA Security and Privacy rules.

Objective 3: Does the WVHIN have procedures in place in order to verify that data entered into the WVHIN by the health care providers is reliable?

Conclusion: Based upon our audit results, we determine the WVHIN has procedures in place to verify the data, once entered into the WVHIN is reliable. It is the responsibility of the Health Care Providers to ensure the data entered into the WVHIN is accurate.

Objective 4: Are the procedures the WVHIN has in place in case of a Protected Health Information breach compliant with Health Information Technology for Economic and Clinical Health (HITECH) act, CFR 45 part 164 and WV Code §46A-2A? Does WVHIN follow those Procedures?

a. How does WVHIN investigate breaches?

b. Does the WVHIN maintain internal security reports?

Conclusion: We conclude WVHIN has procedures in place, compliant with federal regulations, in case of a Protected Health Information breach. These procedures include performing complete investigations of the breach while also maintaining internal security reports of potential breaches.

Objective 5: Is maintaining protected health information of patients who opt out of the WVHIN, HIPAA Privacy Rule compliant covered under CFR 45 part 160 and 164 sub A and E?

Conclusion: We conclude the WVHIN is in compliance with the HIPAA Privacy Rules by maintaining the individuals protected health information in a secured network.

Objective 6: Was the WVHIN in compliance with Truven Health Analytics Inc. Contract?

- a. Was the contract bid? Did lowest bidder receive contract?
- b. What are the procedures/controls WVHIN has implemented to monitor the contract? Are the controls/procedures being followed?

Conclusion: The WVHIN selected Truven Health Analytics, whose mission is to help customers improve the quality and lower the cost of healthcare through the better use of data and analytics, to help implement the healthcare information network between the WVHIN and the various healthcare providers. We determined that, based on the work performed, the system of internal controls functioned as described to us and the contract transactions tested were processed in accordance with the West Virginia Code, the Health Care Authority (HCA)/WVHIN policies and other applicable rules and regulations.

Objective 7: Did the WVHIN monitor Attorney Legal Services and Attorney Reimbursement Expenses in order to verify correct billings?

Conclusion: Based on the work performed, the system of internal controls functioned as described to us and the transactions tested were processed in accordance with the West Virginia Code, HCA/WVHIN policies and other applicable rules and regulations.

Objective 8: What funding was used to provide grants for the Early Adopter Grant Program for Health Information Exchange?

- a. Determine if the WVHIN has implemented monitoring over the use of grant monies?
- b. Determine if the awardees were eligible for the grants?

Conclusion: Based on the work performed, the system of internal controls functioned as described to us and the grant transactions tested were processed in accordance with the West Virginia Code, HCA/WVHIN policies and other applicable rules and regulations. HCA provided partial funding for the grants with the grant awardees covering the remaining costs. These Early Adopter Grants were setup on a reimbursable basis and were only paid by HCA after the grantees provided the required documentation supporting the approved transactions made by the grantees.

In summary, based upon our work and review of WVHIN operations, pertaining to our objectives, we conclude the WVHIN is operating in compliance with the WV Code and Legislative intent. We provided the WVHIN an opportunity to respond, however since the report did not have any findings, they declined to respond.

Respectfully submitted,



Denny Rhodes, Director
Legislative Post Audit Division

Cc: Aaron Allred, Legislative Auditor
Phil Weikle, WVHIN COO

Enclosure

**Performance Review
West Virginia Health Information Network**

METHODOLOGY

To achieve our objectives, we reviewed applicable W.Va. Code sections, applicable rules and regulations, and policies of the WVHIN. All provisions considered significant were documented and compliance with those requirements verified by interview, observations of WVHIN's operations, and through inspections of documents and records. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Additionally, we reviewed the budget, and interviewed WVHIN personnel to obtain an understanding of the programs and the internal controls respective to the scope of our audit. In planning and conducting our audit, we focused on the financial-related areas of WVHIN's operations based on assessments of significance and risk.

To select transactions for testing, a variation of non-statistical and statistical sampling was used. Our samples were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Some transactions for testing were selected randomly; other transactions were selected for testing using professional judgment.

Testimonial evidence obtained by the audit team was evaluated for objectivity, credibility, and reliability and was obtained under conditions in which the employee was able to speak freely without intimidation. Each employee had direct knowledge of their working area and there was no evidence that the employees were biased. Additionally, we assessed the sufficiency and appropriateness of computer-processed information regardless of whether the information was provided to us or was independently extracted by using an Internal Control Questionnaire, assessing the reliability and integrity of data, performing analytical reconciliations, and testing documentation provided to the supporting documentation.

The audit presents sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives based on the use of professional judgment, documenting procedures, reviewing copies of source documents, evaluation of internal controls, evaluation of risks, evaluation of data reliability and integrity, and the fact that all transactions tested were reviewed by the Auditor in Charge and Audit Manager.

Audit Manager: Londa Sabatino, CPA, CICA
Staff Auditors: Sabrina Mitchell, CPA, Senior Auditor
Matthew Thomas, Auditor
Christopher Hayslip, Auditor