Commonwealth of Kentucky
Cabinet for Health and Family Services

Cabinet for Health and Family Services (CHFS) Information Technology (IT) Policy

KENTUCKY
CABINET FOR HEALTH
AND FAMILY SERVICES

070.110 Technology Acquisition Policy

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Revision History

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Sign-Off

Sign-off Level	Date	Name	Signature
Executive Director (or delegate)	11/29/2021	Jennifer Harp	DocuSigned by: Jennifer Harp 057B913AA3E14AE...
CHFS Chief Information Security Officer (or delegate)	11/24/2021	Nicholas Tomlin	DocuSigned by: 55B6A12812DD403...

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1 Policy Definitions

- **Acquisition:** Defined by CHFS as an asset or object bought or obtained by the Cabinet for Health and Family Services (CHFS).
- **Agency:** Defined by CHFS for the purpose of this document, agency or agencies refers to any department within CHFS.
- **Confidential Data:** Defined by the Commonwealth Office of Technology (COT) Standards Data of which the Commonwealth has a legal obligation not to disclose. This data requires the highest levels of restrictions, because of the risk or impact that will result from disclosure, modifications, breach, or destruction of that data. Examples include: Data not releasable under the Kentucky State Law (Kentucky Revised Statute 61.878); Protected Health Information; Federal Tax Information; Social Security and Credit Card numbers.
- **Contract Staff/Personnel:** Defined by CHFS as an employee hired through a state approved (i.e., System Design/Development Services {SDS} Vendor Agreement/Company) vendor who has a master agreement with the state.
- **Electronic Protected Health Information (ePHI):** Defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule as individually identifiable health information, including demographic data, that relates to: the individual's past, present or future physical or mental health or condition, the provision of health care to the individual, or the past, present, or future payment for the provision of health care to the individual, and that identifies the individual or for which there is a reasonable basis to believe can be used to identify the individual. Identifiable protected health information includes many common identifiers (e.g., name, address, birth date, Social Security Number). The Privacy Rule excludes from protected health information employment records that a covered entity maintains in its capacity as an employer and education and certain other records subject to, or defined in, the Family Educational Rights and Privacy Act, 20 U.S.C. §1232g.
- **Federal Tax Information (FTI):** Defined by Internal Revenue Service (IRS) Publication 1075 as federal tax returns and return information (and information derived from it) that is in the agency's possession or control which is covered by the confidentiality protections of the Internal Revenue Code (IRC) and subject to the IRC 6103(p) (4) safeguarding requirements including IRS oversight. FTI is categorized as Sensitive but Unclassified information and may contain personally identifiable information (PII). FTI includes return or return information received directly from the IRS or obtained through an authorized secondary source, such as Social Security Administration (SSA), Federal Office of Child Support Enforcement (OCSE), Bureau of the Fiscal Service (BFS), or Centers for Medicare and Medicaid Services (CMS), or another entity acting on behalf of the IRS pursuant to an IRC 6103(p) (2) (B) Agreement. FTI includes any information created by the recipient that is derived from federal return or return information received from the IRS or obtained through a secondary source.
- **IT Purchase:** Defined by CHFS as the procurement of any applicable computer hardware, software, application, configuration, business data, and/or data

communication system through CHFS OATS agency or project funding.

- **Personally Identifiable Information (PII):** Defined by Kentucky Revised Statute (KRS) Chapter 61.931-934 and in accordance with National Institute of Standards and Technology (NIST) 800-53 Revision 4 as information which can be used to distinguish or trace the identity of an individual; person's first name or first initial and last name, personal mark, or unique biometric or genetic print or image, in combination with one or more of the following data elements: account number, credit card number or debit card number that in combination with any required security code, access code or password would permit access to an account; social security number, taxpayer ID number, driver's license number, state ID number, passport number or other ID number issued by the United States government, or individually identifiable health information, except for education records covered by The Family Educational Rights and Privacy Act of 1974 (FERPA). In addition, HIPAA identifies an individual's full name, date of birth, street or email address, biometric data, and other common identifiers as direct PII not requiring a combined additional field of information.
- **Sensitive Data:** Defined by COT standards as data that is not legally protected, but should not be considered public information and only be disclosed under limited circumstances. Only authorized users should be granted access to sensitive data. Examples include: all information identifiable to an individual including staff, employees, and contractors but not limited to dates of birth, driver's license numbers, employee ID numbers, license plate numbers, and compensation information. The Commonwealth's proprietary information including but not limited to intellectual property, financial data, and more.
- **Sensitive Financial Data (including PCI):** Defined by Payment Card Industry (PCI) Data Security Standards (DSS) Security Standards as cardholder and sensitive authentication data including Primary Account Number (PAN), cardholder name, expiration date, service code, full track data (magnetic stripe data or equivalent on a chip0, Card Security Codes such as CAV2/CVC2/CVV2/CID, and PIN(s). CHFS also defines sensitive financial data as anything that is inclusive of bank identification/information (i.e., bank routing number, account number, etc.).
- **State Staff/Personnel:** Defined by CHFS as an employee hired directly through the state within the CHFS with final approval and appointment by the Kentucky Personnel Cabinet.
- **Third Party:** Defined by CHFS as any contracted or government organization that is not a part of the agency's organizational structure. This may include state or federal auditing agencies, state approved security contract vendors or other external organization whose capabilities can be determined sufficient to conduct assessment needs. An engineering technique used to identify threats, attacks, vulnerabilities and countermeasures that could affect your application.
- **Vendor Staff/Personnel:** Defined by CHFS as an employee contracted through an approved Master Business Associate Agreement, or other formal agreement, to provide temporary work for CHFS.

2 Policy Overview

2.1 Purpose

The Cabinet for Health and Family Services (CHFS) Office of Application Technology Services (OATS) must establish a comprehensive level of security controls through a technology acquisition policy. This document establishes the agency's Technology Acquisition Policy, which helps manage risks and provides guidelines for security best practices regarding technology acquisition.

2.2 Scope

The scope of this policy applies to all internal CHFS state, contract, and vendor staff/personnel, temporary personnel, third party providers under contract with a CHFS agency, and other entities that interact with CHFS information related resources. This policy covers the applicable computer hardware, software, application, configuration, business data, and data communication systems.

2.3 Management Commitment

OATS Division Directors, the CHFS Chief Technical Officer (CTO), Chief Information Security Officer (CISO), and IT Executive Management have reviewed and approved this policy. Senior Management supports the objective put into place by this policy. Violations of not abiding by this policy may result in disciplinary action, which may include suspension, restriction of access, or more severe penalties up to and including termination of employment. CHFS shall report illegal activities or theft of CHFS property (physical or intellectual) to the appropriate authorities.

2.4 Coordination among Organizational Entities

OATS coordinates with CHFS organizations and/or agencies that access applications, systems, and facilities. All organizational entities that interact with CHFS are subject to follow requirements outlined within this policy.

2.5 Compliance

As the official guidance domain for this policy, CHFS agencies abide by the security and privacy requirements established in applicable state laws and regulations as well as federal guidelines outlined in the NIST. Additionally, applicable agencies follow security and privacy frameworks outlined within the CMS, the IRS, and SSA.

3 Roles and Responsibilities

3.1 Chief Information Security Officer (CISO)

An individual responsible for providing guidance and direction in assessment, planning, and implementation of all security standards, practices, and commitments required. This individual is responsible for adherence to this policy.

3.2 Chief Privacy Officer (CPO)

An individual responsible for overseeing activities related to the development, implementation, maintenance of, and adherence to the Cabinet's and Commonwealth's information privacy and confidentiality policies and procedures in compliance with federal and state laws. This individual will conduct Health Insurance Portability and Accountability Act (HIPAA) risk assessments through coordination with the Information Security Agency Representative, the CISO, or CHFS OATS Information Security (IS) Team, and other CHFS agencies, and will ensure compliance with HIPAA notification and reporting requirements in the event of an identified breach. This position is responsible for adherence to this policy.

3.3 Security/Privacy Lead

Individual(s) designated by the division leadership to coordinate privacy and/or security issues and incidents with all appropriate staff/personnel. This individual(s) is responsible for providing privacy and security guidance and direction for the protection of PCI, PII, ePHI, FTI, and other financially sensitive information to all CHFS staff/personnel. This role along with the CHFS OATS IS Team is responsible for adherence to this policy.

3.4 CHFS Contract, State, and Vendor Staff/Personnel

All CHFS contract, state, and vendor staff/personnel must adhere to this policy. All staff/personnel must comply with referenced documents, found in Section 8 Policy References below that pertain to the agency's applications, application servers, appliances, operating systems, web servers, network components, and database (server or components) that reside on CHFS/OATS information system(s).

3.5 System Data Owner and System Data Administrators

Management/lead who works with the application's development team, to document components that are not included in the base server build and ensures that functionality and backups are conducted in accordance with business needs. This individual(s) is also responsible for working with personnel within the enterprise, agency, application, technical and business areas, for providing full recovery of all application functionality, as well as meeting federal and state regulations for disaster recovery situations.

4 Policy Requirements

4.1 Regulations

This policy establishes the framework for which all CHFS IT related procurements must follow. All information technology purchases for CHFS must adhere to the Kentucky Finance and Administration Cabinet law and regulations for procurement.

CHFS IT purchases adhere to the following Finance and Administration Cabinet laws, regulations, and policies:

- CHFS OATS Information Technology Standards
- Enterprise Architecture and Kentucky Information Technology Standards (KITS) Information Technology Standards Committee (ITSC)
- Enterprise IT Process: COT 078 COT Cloud Stage Gate Process
    - Developed to review new projects that consider the use of cloud technology
- Kentucky Revised Statue (KRS) Chapter 45A - Kentucky Model Procurement Code
- Kentucky Administrate Regulations (KAR) 200 - Chapter 5: Purchasing
- Finance and Administration Policies
- Finance and Administration Bid Protest Resources

All CHFS software development staff, vendors, and contractors are required to follow CHFS 065.014 CHFS Systems Development Lifecycle (SDLC) and New Application Development Policy.

4.2 Requesting an IT Purchase

CHFS Procurement, Payables, and Asset Tracking System (PPATS) is used to request an IT purchase. If applicable, once the requestor, or requesting agency, ensures the IT purchase is authorized via KITS, a PPATS procurement request for bid, quote, or proposal is entered and processed. CHFS Division of Procurement and Grant Oversight (DPGO) staff reviews and verifies the appropriate level of approvals and processes the request. Once all information for the request is verified, DPGO submits a Strategic Purchase Request (SPR1) to COT for formal approval and procurement.

4.3 Policy Violations

Individuals found to be in violation of this policy shall be subject to disciplinary actions that may result in, and not be limited to, suspension, termination, and may also be subject to criminal prosecution. Additional information can be found within the CHFS 020.308 Out-Processing/Termination of Information Technology Personnel Policy.

5 Policy Maintenance Responsibility

The OATS IS Team is responsible for the maintenance of this policy.

6 Policy Exceptions

Any exceptions to this policy must follow the guidance established in CHFS OATS Policy: 070.203 Security Exceptions and Exemptions to CHFS OATS Policies and Security Control Policy.

7 Policy Review Cycle

This policy is reviewed at least annually and revised on an as needed basis.

8 Policy References

- Centers for Medicare and Medicaid Services (CMS) MARS-E 2.0
- CHFS OATS Policy: 020.308 Out-Processing/Termination of Information Technology Personnel Policy
- CHFS OATS Policy: 065.014 CHFS SDLC and New Application Development Policy
- CHFS OATS Policy: 070.203 Security Exceptions and Exemptions to CHFS OATS Policies and Security Control Policy
- CHFS OATS Information Technology Standards
- CHFS Procurement, Payables, and Asset Tracking System (PPATS)
- Enterprise Architecture and Kentucky Information Technology Standards (KITS) Information Technology Standards Committee (ITSC)
- Enterprise IT Process: COT 078 COT Cloud Stage Gate Process
- Finance and Administration Bid Protest Procedure Resources
- Finance and Administration Cabinet - Manual of Policies and Procedures
- Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule
- Internal Revenue Services (IRS) Publication 1075
- Kentucky Administrative Regulations (KAR) Title 200- Chapter 5: Purchasing
- Kentucky Information Technology Standards (KITS): 4080 Data Classification Standard
- Kentucky Revised Statue (KRS) Chapter 61: House Bill 5 (HB5)
- Kentucky Revised Statutes (KRS) Chapter 040A.40 Procurement activities-Distribution
- Kentucky Revised Statues (KRS) Chapter 045A - Kentucky Model Procurement Code
- National Institute of Standards and Technology (NIST) Special Publication 800-53 Revision 4, Security and Privacy Controls for Federal Information Systems and Organizations
- Payment Card industry (PCI) data Security Standard (DSS) Requirements and Security Assessment Procedures Version 3.2.1
- Social Security Administration (SSA) Security Information
- U.S. Department of Education Family Educational Rights and Privacy Act (FERPA)