TESTIMONY OF

Edwin Simcox

Chief Technology Officer and Acting Chief Information Officer

U.S. Department of Health and Human Services

Before the

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Committee on Oversight and Government Reform

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Good Morning Chairman Hurd and Chairman Meadows, Ranking Members Kelly and Connolly and Members of the Committee. Thank you for giving me the opportunity to discuss the Department of Health and Human Services' (HHS) progress in meeting the objectives defined by the Federal Information Technology Acquisition Reform Act (FITARA). HHS testified in June 2017 about the status of FITARA implementation, and we appreciate the opportunity to return and share the transformative gains we've made with our effort in less than two years.

Advancing Agency Mission through improved IT Management

I currently serve as the Department's Chief Technology Officer and Acting Department Chief Information Officer (CIO). I report directly to the Secretary of Health and Human Services. The synergy and partnership across HHS's C-suite of senior policy officials – the Secretary, Deputy Secretary, Assistant Secretary for Administration, and the Assistant Secretary for Financial Resources ensures that HHS's IT-related matters receive the appropriate attention, and benefit from senior policy leadership direction and support. Furthermore, I collaborate with HHS's Chief Financial Officer, Chief Human Capital Officer, Chief Acquisition Officer and Operating Division CIOs, to ensure that our fiscal year 2019 IT spend of approximately $6.1B is secure, well-managed and supports HHS's mission and business operations. FITARA provides specific areas of priority focus for IT portfolio management, and as a result of the law, HHS took steps to enhance the roles and responsibilities of the HHS CIO, increasing CIO visibility across the

Department and ensuring that the CIO is an active participant and provides approval of IT spending during the HHS IT budget process.   At HHS, FITARA provides a foundation for cross-departmental engagement and fosters a governing framework through which we build common strategic direction for IT enablement of operations and mission results. As noted in the House Oversight and Government Reform FITARA Scorecard 6.0 – HHS improved in four of the five FITARA 5.0 metrics – bringing those scores to an "A" rating. But it is the real and meaningful results that make HHS's FITARA journey remarkable, as exemplified by HHS's collaborative and data-driven approach which delivered the Department's first software inventory.   Such results would not have been possible without Senior Policy Official leadership and support, collaboration across HHS's CIO, CFO and CAO communities, and partnerships with GAO, OMB and Congressional staff.

Approach to Successful FITARA Implementation─ Targeted Improvement Initiatives

Immediately after HHS testified before this Committee at the release of FITARA Scorecard 4.0 in June 2017, HHS paused to analytically review the FITARA legislation, assess our FITARA implementation plan and identify opportunities to strengthen our approach to executing both the spirit and intent of the law.

As the principal agency for protecting the health and well-being of all Americans, we know that the public counts on us to deliver essential health and human services, foster scientific advances, and support efforts to strengthen and modernize the Nation's healthcare delivery system. Efficient and modern information technology is the foundation and catalyst for successful delivery of these mission-critical programs, and FITARA provides the governing and collaborative construct to ensure that we invest and manage our technology in the most effective and efficient manner possible. HHS's revitalized approach to FITARA implementation gave the entire Department the opportunity to use data to deliver meaningful results that improved HHS's IT governance, management, and strategic investments.

HHS galvanized our internal CIO Community and Department-wide policy officials through FITARA Scorecard initiative, called "A by May," publicly announced by the HHS Assistant

Secretary for Administration (ASA), on August 23, 2017. The initiative elevated the importance of meeting FITARA objectives and paved the way for Agency-wide participation in improvement efforts. HHS developed a methodology to execute the "A by May" initiative, focused on the three core components of data, dialogue, and delivery (D3) to initiate real change. "A by May" and the "D3" approach were successful in that we engaged an audience to deliver measurable results. HHS's D3 strategy incorporated tactical and strategic activities to ensure that the Department writ-large understood the importance of FITARA and the value it provides when fully implemented. Key HHS actions included:

- Data – creating an internal FITARA scorecard, holding FITARA analytic discussions and road shows, developing an annual CIO Work Plan based on achievement of FITARA outcomes; embracing and refreshing our approach to transparency and risk management to acknowledge the inherent risk to mission critical projects and targeting high-dollar investments with low risk ratings.
    - Results achieved based on HHS's data-driven activities include: HHS's recognition of IT investment risk rose from 11% of investments in September 2017 to 40% in January 2018, representing $2.37 billion in IT investments with a moderate to high risk association. Acknowledgment of these inherent risks has positively impacted the Department's FITARA Transparency and Risk score. By May 2018, HHS categorized 93% of its Major Investments as moderate or high risk and achieved an "A" for this element on the Scorecard 6.0.
- Dialogue – HHS instituted bi-weekly and monthly communications with Operating Division CIOs to discuss FITARA requirements, and to support actions to achieve those targets. HHS also established a monthly cadence of briefings with OMB, GAO and the Assistant Secretary for Administration to apprise these partners of our activities and progress. Finally, HHS ensured senior policy leadership's awareness of FITARA activities through routine communication with the Deputy Secretary and his staff. A key component to these conversations focused on deepening HHS's understanding of the letter and intent of the law. Through dialogue, HHS expanded understanding of FITARA such that it was no longer perceived as an "IT Law" but rather a law designed to support mission and business operations through the effective use of technology.

- o We identified, captured, and reported costs avoided or saved through: use of shared services, commodity and consolidated IT acquisitions, adoption of the cloud; among others approaches.
- o Delivering Real Change – Software Licensing
- o In accordance with FITARA, the Making Electronic Government Accountable by Yielding Tangible Efficiencies (MEGABYTE) Act of 2016, OMB memoranda M-16-12 and GAO Report 14-413, HHS developed its first foundational software license inventory, consisting of over 12,000 software entries, representing over 4 million software licenses. In February of 2018, the Office of the CIO first collected and integrated automated data from the Continuous Diagnostics and Mitigation tool for a sample of HHS licenses. This foundational inventory is regularly updated through the quarterly Integrated Data Collection (IDC) and is used to support deliberations related to investments and opportunities for greater use of enterprise license agreements.

Modernizing Government Technology Legislation and IT Modernization

HHS fully supports the spirit and intent of the Modernizing Government Technology (MGT) provisions in the National Defense Authorization Act for Fiscal Year 2018, P.L. 115-91, to improve HHS technology.

We believe that HHS's Nonrecurring Expenses Fund (NEF) provides HHS the ability to meet the goals of the MGT legislation's IT Working Capital Fund under current law. The Consolidated Appropriations Act, 2008 (Pub. L. 110-161)established the NEF to enable HHS to use expired balances of discretionary appropriations for capital acquisitions needed by HHS programs, which HHS has used primarily for laboratory and research facilities, Indian Health Service health facilities, and information technology systems.

IT work funded to date includes improving cybersecurity; modernizing systems for accounting, human resources, and contract writing; moving IT systems to the cloud; automating Medicare appeals processes; and establishing modern IT systems at the Centers for Medicare & Medicaid

Services. The NEF provides HHS resources for making important system upgrades, modernizing IT infrastructure, and procuring capital for the acquisition of mission-critical information technology and facilities. HHS remains committed to the spirit and intent of the MGT legislation, and its Office of the Chief Information Officer (OCIO) and Office of the Chief Technology Officer (OCTO) are working collaboratively to develop a new process for prioritizing IT modernization projects for which OCIO/OCTO would recommend investment.

Federal Information Security Modernization─ Cybersecurity Cross-Agency Priorities

HHS continues to work towards improving its cybersecurity metric as represented in the Scorecard. We have been focused on improving our overall cyber posture and to better understand the two separate components that constitute the score – one that reflects the Federal Information Security Modernization Act of 2014 (FISMA) Cross-Agency Priorities (CAP) data reported by HHS and its operating divisions, and the other derived from the HHS Office of Inspector General's annual FISMA audit. While we understand the OIG data will remain static since the IG conducts assessments annually, we also realize the CAP metrics can change from quarter to quarter. HHS has been and remains focused on ensuring that the Department complies with FISMA requirements and meets all expected cybersecurity metrics included in the Inspector General (IG) Annual Audit report and the President's Management Agenda Cybersecurity Cross-Agency Priorities (CAP).

Under FISMA and the legislation which preceded it, we understand that all Federal agencies must implement and maintain a robust cybersecurity program. As a result, I take ownership in understanding that as CIO, I am responsible for ensuring that cybersecurity is addressed at HHS. I work closely with the HHS Chief Information Security Officer (CISO), who is responsible for developing and maintaining the Department's information security and privacy program. Additionally, through a delegated authority, each HHS Operating Division CIO is responsible for establishing, implementing, and enforcing its division-wide framework to facilitate its information security program. These frameworks feed HHS overall compliance with FISMA initiatives, goals and metrics.

While FISMA performance is difficult to trend year-over-year due to changing CAP goals and metrics, HHS continues to improve performance against FISMA metrics. HHS improved compliance against one of the three CAP goals which remained consistent year-over-year. These results demonstrate our commitment to key cybersecurity capabilities such as hardware asset management, mobile device management, protecting against data exfiltration, and protecting our high value assets. These efforts to manage risk may not be reflected in our current scoring. Furthermore, the Department also takes actions in response to audit findings.

HHS and its operating divisions are embracing actions that seek to improve FISMA performance while increasing adherence to basic cyber hygiene practices, to not only yield greater compliance with existing legislative requirements and reporting requirements but also strengthen the foundation for a robust HHS-wide risk management-driven cybersecurity framework and greatly reduce our cybersecurity risk exposure across the enterprise.

While the Department continues to improve its information security program, opportunities remain to strengthen the overall program. The Department of Homeland Security's Continuous Diagnostics and Mitigation (CDM) program continues to enable HHS to operationalize the goals of FISMA and gain near real-time understanding of not only our compliance with FISMA but of the cybersecurity risks our enterprise faces on a daily basis. We are bolstering these CDM capabilities with other tools to more holistically identify and remediate risk while also increasing cybersecurity training and awareness activities which strengthen the cybersecurity skills of our security professionals while stressing that basic cyber hygiene is everyone's responsibility across HHS.

Leveraging the "A by May" D3 (Data, Dialogue and Delivery) framework, the HHS is pleased to introduce the "Monitor, Maintain and Mature (M3)" initiative, to continue to engage HHS Operating Divisions and Staff Divisions around strategies to optimize performance on the IT Scorecard 7.0 metrics including: CIO Reporting, Data Center Optimization, FISMA Compliance, and Cybersecurity Cross-Agency Priorities, while establishing focus areas for the next iteration of the OGR IT Scorecard 8.0. Specifically, we will continue to use our data to provide internal HHS FITARA dashboards, host monthly FITARA Meetings with HHS CIOs and CISOs, maintain collaborative dialogue with GAO, and both IT and Cybersecurity

counterparts at OMB. We also plan to continue actionable discussion through M3-centered meetings and open dialogue to provide the necessary data and materials around the OGR Biannual IT Scorecard 7.0.

Conclusion

HHS is committed to achieving the goals set by FITARA and modernizing the Department's IT systems, infrastructure, and processes. Using this framework for sustainable transformation, HHS will work towards creating an ecosystem based on collaboration where IT is viewed as both a resource and essential driver for achieving mission-critical objectives. The Department is confident we can leverage the enormous purchasing power of HHS and the Federal Government and expand upon existing shared services to obtain the best price on best-in-class IT acquisitions. This approach is designed to be both operationally effective and cost efficient in order to best serve HHS beneficiaries and the American taxpayers. While HHS continues to make significant strides in fully achieving all goals defined under FITARA, the Department recognizes that a sustainable approach requires a more complex path forward. HHS embraces the work and challenges that lie ahead. We look forward to continued collaboration with OMB, GAO, and the House Subcommittees on Information Technology and Government Operations to improve HHS's FITARA performance.

Ed Simcox is the Chief Technology Officer (CTO) and Acting Chief Information Officer at the U.S. Department of Health and Human Services (HHS). As the CTO and Acting CIO at HHS, Ed provides leadership and direction to ensure that HHS effectively leverages data, technology and innovation to improve the lives of the American people and the performance of the operating divisions across the Department. Simcox has been working at the intersection of healthcare and technology for 18 years.

Prior to joining HHS, Simcox served as the Healthcare Practice Leader at Logicalis, an international IT service provider and consultancy with over 300 healthcare clients in the United States. In this role, Simcox led the strategy, solution development, and consulting for the U.S. healthcare sector. He engaged with healthcare providers across the US in a consulting capacity and advocated for the liberation of healthcare data and telehealth adoption.

Prior to joining Logicalis, Ed was director of U.S. healthcare strategy, partnerships, and product development for AT&T. Ed's portfolio included emerging technologies and products supporting mHealth, telehealth, and health information exchange.

Before joining AT&T, Ed held multiple leadership roles at Indiana University Health, a large U.S. healthcare system with 19 hospitals, 50 physician groups and annual revenue of over $6 billion. Simcox served as the Chief Technology Officer, and prior to that, the Director of Business Innovations, an internal innovation incubator and design lab. Simcox was awarded ComputerWorld's Laureate medal for leading a project that achieved $5 million in savings through the design and implementation of innovative IT solutions in the inpatient healthcare setting. During Simcox's time as CTO, Indiana University Health received Hospitals and Health Networks' "Most Wired Hospital" award based in part on his team's work with emerging technologies.

Sheila O. Conley

Ms. Conley serves as HHS's *Deputy Assistant Secretary for Finance* and *Deputy Chief Financial Officer*. She is responsible for leading the Department's financial accountability and stewardship efforts including: the preparation and audit of HHS' annual financial statements; modernizing the financial management systems portfolio; strengthening internal controls; and reducing improper payments in our largest programs. She also leads the Department's Enterprise Risk Management (ERM) program.

Before joining HHS in 2006, Ms. Conley served as the *Managing Director for Financial Policy, Reporting and Analysis* at the U.S. Department of State from 2003 to 2006. She held positions of increasing responsibility at the Office of Management and Budget (OMB) between 1992 and 2003, where she was charged principally with leading government-wide implementation of the CFOs Act of 1990.

Ms. Conley was a senior manager with an international public accounting firm before entering Federal service, where she provided audit and financial management services for over 10 years to a wide range of clients. She has received many awards throughout her career including the *Presidential Rank Award* and HHS *Distinguished Service Award.*

Ms. Conley is a certified public accountant in the District of Columbia, Fellow of the National Academy of Public Administration, and member of several professional associations. She obtained a bachelor's of business administration degree (*summa cum laude*) from James Madison University. She is married and has three sons.