

# Medical Identity Theft and Red Flags Rule - What You Should Know

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# Agenda

- **What is Medical Identity Theft?**
- **ONC Research on Impact of Medical Identity Theft**
- **Red Flags Rule for Audit Practices and Applicability to Medical Identity Theft**

# Medical Identity Theft - Definition

**Misuse of an Individuals Personally Identifiable Information (PII) Such As Name, Date Of Birth, Social Security Number, or Insurance Policy Number To Obtain or Bill for Medical Services or Medical Goods**

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# President's Identity Theft Task Force

- **Medical Identity Theft is Emerging Issue**
- **Affects Consumers, Health Care Providers, Health Plans, Government and Others**
- **Privacy and Security via Electronic Health Information Exchange Heightens Concerns**

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# ONC Medical Identity Theft Report

## 3 Phases

1. Environmental Scan – Research on Work Already Done
2. Town Hall Public Meeting – 10/15/08
3. Booz Allen Hamilton Report Issued January 15, 2009

**Goal: Action to Address Medical Identity Theft**

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# Medical Identity Theft

- 1. Prevention**
- 2. Detection**
- 3. Remediation**

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# Presidential Identity Theft Task Force

## 4 Key Areas

- Data Protection
- Data Misuse
- Victim Assistance
- Deterrence

## 3 Interim Recommendations

- Law Enforcement
- Education
- Government Safeguard

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# **Booz Allen Hamilton Report**

## **34 Potential Actions – Medical Identity Theft**

- **Leadership**
- **Education**
- **Business Process and Technology**
- **Policies and Laws**

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Review and Analyze the Processes Used to Respond to Financial Identity Theft and Consider Developing a Similar Approach for Responding to Medical Identity Theft

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Develop Strategies and an Approach, at a National Level, to Further Identify and Classify Risks Related to Medical Identity Theft for all Stakeholders, and to Address These Risks

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Take a Risk Management Approach, to Identity, Classify, and Potentially Quantify the Impact of Medical Identity Theft, Develop Mitigation Strategies, and Identify Tools, Techniques, and Controls Appropriate for Specific Applications

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Identify Effective Mechanisms and Best Practices Used in the Financial Industry for Educating Consumers about Medical Identity Theft

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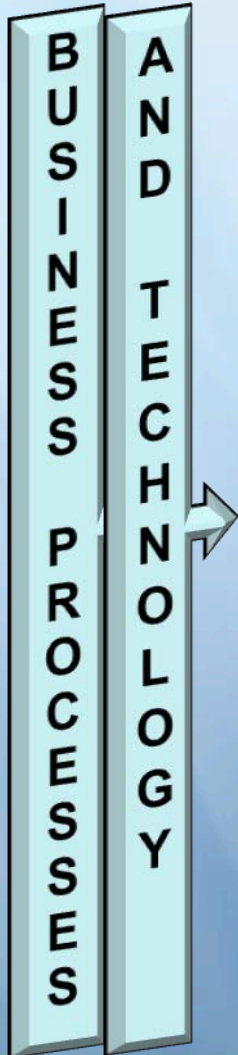
Identify Existing Health Literacy Programs that Can Be Expanded to Include Information on Medical Identity Theft to Help Educate and Raise Consumer Awareness

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## Develop a Model for Data Integrity Management Using Current Examples of Hospital Industry Best Practices

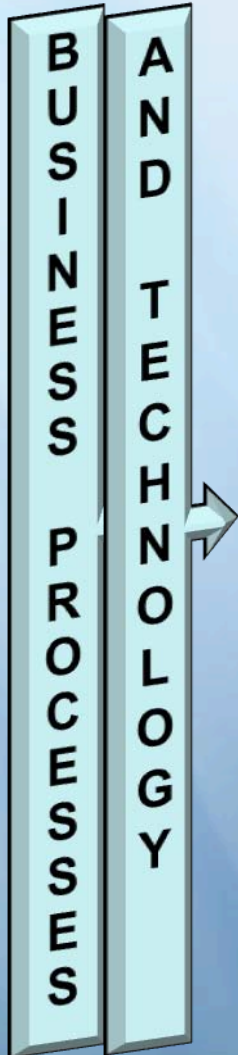
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Develop Metrics and Studies to Assess the Effectiveness of Various Types of New Patient Authentication Practices Combined with Cost-Benefit Analyses to Determine the Appropriate Threshold for Investment and Implementation

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## Develop Model Incident Response Plans for Medical Identity Theft Based on Current Best Practices

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Develop Guidance on Best Practices  
from the Financial Services Industry for  
Implementing “red flags” methodologies  
and Other Preventive Measures Specific  
to Medical Identity Theft

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Develop Guidance for Health Care Providers that Reflects a Consensus View of Best Security and Privacy Practices for Preventing, Detecting, and Remediating Medical Identity Theft

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# More Information On Medical Identify Theft and Booz Allen Hamilton Report

- **Medical Identity Theft**

[www.identitytheft.info/medical.aspx](http://www.identitytheft.info/medical.aspx)

- **ONC Commissioned Medical Identity Theft Assessment**

[http://healthit.hhs.gov/portal/server.pt?open=512&objID=1177&parentname=CommunityPage&parentid=10&mode=2&in\\_hi\\_userid=10741&cached=true](http://healthit.hhs.gov/portal/server.pt?open=512&objID=1177&parentname=CommunityPage&parentid=10&mode=2&in_hi_userid=10741&cached=true)

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# Red Flags Rule – What Is This About?

*Red Flags Signals Danger – Be Alert to Problems Ahead*

- Originally Set for January 1, 2009 Implementation
- FTC Enforcement Policy Delays Enforcement Until May 1, 2009
- Three Month Additional Delay Until August 1, 2009 Announced to Allocate More Time for Programs to be Put in Place



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# Red Flags Rule – What Is This About?

- **FTC Survey Found Close to 5% of Identity Theft Victims Have Experienced Medical Identity Theft**
- **FTC Rule Targeting Businesses to Spot Warning Signs - or “Red Flags”**
- **Goal is to Detect, Prevent, and Minimize Damage That Could Occur from Identify Theft**

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# Red Flags Rule – Why Is It Needed?

- Enable Business to Spot Suspicious Patterns of Identity Theft
- Prevent a “Red Flag” From Becoming a Costly Identity Theft
- Required to Identify and Heed the Red Flags that Often are Signs of Identity Theft

Source: [www.ftc.gov/redflagsrule](http://www.ftc.gov/redflagsrule)

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# Red Flags Rule – Who Does It Impact?

- Certain Businesses And Organizations, Not Individuals
- Many Physician's Offices
- Hospitals
- Healthcare Providers
- Pharmacies? - It All Depends....

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# Penalties For Non-compliance

- Violators are subject to civil monetary penalties
- No criminal penalties

*Best reason for compliance is assuring customers  
you are doing your job to fight identity theft!*

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# Who Is Subject To Red Flags Rule?

Each healthcare organization and practice must review its billing and payment procedures to determine if affected. Are you considered a .....

- **Creditor:** Any entity that regularly defers payment for goods or services or arranges for the extension of credit.
- **Covered Account:** Consumer account that allows multiple payments or transactions or any other account with a reasonably foreseeable risk of identity theft.

# Complying with Red Flags Rule:

- Identify relevant red flags to your practice
- Develop/explain a process for detecting red flags
- Describe response to red flags to prevent and mitigate identity theft
- Detail how you will periodically update your program

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# What Could Be Considered Red Flags?

- Suspicious activities, documents, etc.
- Personal identification information that does not match other sources
- Altered or forged documents – description not matching the patient
- Inconsistent information with other records
- Notices from victims of ID theft, law enforcement officers, insurers, or anyone suggesting possible identity theft

# Components Of Your Program

- Procedures to implement to detect red flags
- Describe how to prevent and minimize impact of identity theft when it occurs
- Response required when spotting red flag event
- Procedures to prevent co-mingling of information and debt not charged to victim
- Keeping the program current to address new risks and trends

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# Review Of The Program

- Program must be reviewed and approved by Board of Directors – If no Board, then senior employee
- Approve any material changes to the program.
- Staff training
- Monitor the work of service providers (e.g. customer service, patient billing or debt collection)
- Regular review of program to keep current for new risks and trends

# More Information On Red Flags

- **Federal Register Detailing Red Flags**

[www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf](http://www.ftc.gov/os/fedreg/2007/november/071109redflags.pdf)

- **Fighting Fraud with the Red Flags Rule:  
A How-To Guide for Business**

[www.ftc.gov/redflagsrule](http://www.ftc.gov/redflagsrule)

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