

September 21, 2015

Trustee Alert – Medical Identity Theft On the Rise

The increased use of electronic medical records and breaches of that data by computer hackers or handling errors by insurers and providers has increased medical identity theft in recent years. This increase reemphasizes the importance of preventing disclosure of Protected Health Information (“PHI”).

When PHI is compromised, identity thieves can use it to obtain health care, prescriptions, and medical equipment, leaving a health plan or its participants with large bills for services never provided to a plan participant. Patients have tremendous difficulty escaping liability for medical bills they did not incur. There are protections through the Fair Credit Reporting Act that limit a consumer’s financial loss for credit card fraud and related identity theft. No such protections exist for medical identity theft.

Medical identity theft can also taint an individual’s medical records. For example, following a fraudulent provider visit by a thief, the true patient’s records may reflect an incorrect blood type or a medical condition the actual patient does not have. HIPAA may prevent the actual patient from reviewing his or her own medical records because those records contain the perpetrator’s PHI. It is difficult to sort and remove invalid information once it is in a patient’s file.

Recommendations

- Trustees should ensure that all employees and service providers handling PHI are properly trained and follow the minimum necessary standards and all other reasonable precautions to prevent unauthorized sharing of PHI.
- Trustees should consider membership in the Medical Identity Fraud Alliance to obtain additional information and resources. The Medical Identity Fraud Alliance is a public/private cooperative effort to develop solutions to prevent, detect, and remedy medical identity fraud. The Alliance has issued various publications that may be useful to plans, providers, and patients. For more information, consult www.medicalfraud.org.
- The Trustees should periodically send a notice to Participants and Beneficiaries to safeguard their own PHI and to be mindful of possible medical identity theft.

Andrew S. Brignone
abrignone@bhfs.com
T 702.464.7006

Cara S. Elias
celias@bhfs.com
T 303.223.1141

Ryan C. Curtis
rcurtis@bhfs.com
T 702.464.7094

Las Vegas Office
100 North City Parkway, Suite 1600
Las Vegas, NV 89106-4614

Denver Office
410 Seventeenth St., Suite 2200
Denver, CO 80202

Phoenix Office
One East Washington Street, Suite 2400
Phoenix, AZ 85004

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