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A Federal Trade Commission guideline explains how to comply with the red flags rule.

## ID Theft Prevention Programs Are New Necessity

### By Mary Ellen Schneider

Physicians and health care organizations must now implement a formal identity theft prevention program to protect their patients under a little-known section of regulations called the “Identity Theft Red Flags Rule.”

The rule, which was issued by the Federal Trade Commission (FTC) in 2007 but will be enforced starting this month, is aimed primarily at creditors and financial institutions. However, after publication of the rule, the FTC informed physician groups that it was interpreting the term creditor broadly to include health care professionals who regularly allow consumers to defer payment for services. Therefore, any medical practice that allows patients to defer payment while the full insurance would be covered under the rule.

Physicians and other health care professionals are required to come into compliance with the rule as of May 1, 2009.

The rule requires health care professionals to develop and implement a written identity theft prevention and detection program to protect consumers. Specifically, the rule calls for organizations to conduct a risk assessment to determine their vulnerability to identity theft. Next, they must develop and implement a written identity theft program to identify, detect, and respond to red flags as they arise.

As part of the plan, organizations must specify how they will detect the “red flags” alerting them to potential identity theft. The program also must include how the organization will respond to a red flag that is detected.

While identity theft is most commonly associated with financial transactions, there is increasing concern about identity theft in the health care sector, according to the FTC. For example, medical identity theft can occur when a patient seeks care using the name or insurance coverage of another person.

For physicians working in settings with a high risk for fraud, an identity theft program could be simple, according to the FTC. For example, staff at the practice could check a photo identification at the time a patient is seen.

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