

Identity Theft - A Different Concern!

It has been several months since we reported the Anthem data breach which potentially put millions of insured at risk for identity theft and fraud. Most of us diligently watched credit card statements for any sign of fraudulent charges for a time...but while we mostly continue to do so, how carefully is it done..or do we ignore a small charge that we do not recognize?

As time goes past, we are more complacent about the possible consequences of the massive theft of personal data. However, the real threat may be in a different area of consumer activity. How well do you review the reports that are sent by health insurance companies and Medicare?

If you are covered by Medicare, then you receive periodic statements of charges processed by your doctors' offices, lab tests, and perhaps hospital or emergency room visits. Your secondary insurance, NYSHIP Empire plan in many cases, also follows with notices about payments made on your behalf to those providers. Medicare Part D enrollees receive monthly statements of the prescription drugs provided and paid for through that insurance coverage. Again, how carefully do we review all those billings and do we ever question a charge?

A recent article in the Wall Street Journal shook our complacency. Medical Identity Theft is increasing and young children, the elderly and disabled are especially vulnerable. Having obtained Social Security and Medical ID numbers, thieves obtain medical care, prescription drugs and even medical equipment under an assumed name and the victim finds their credit rating compromised, becomes saddled with a debt that they are responsible for and may find they no longer have sufficient medical coverage to meet their own needs.

The federal Fair Credit Reporting Act which protects victims from financial responsibility for fraudulent credit card charges does not apply to medical bills. Many victims first become aware of the problem when a bill arrives and then are hounded by collection agencies for fees that they did not incur. Because there is no medical equivalent to the Fair Credit Reporting Act, medical fraud is settled on a case-by-case basis. Some insurance companies absorb the costs but more frequently they push the victim to pay the bill. Essentially the consumer is left to prove they were the victim and did not receive the medical care under question.

Another aspect of the problem is the co-mingling of medical history. Important medical records are not only now inaccurate but often the victim can no longer access their own records as the medical data of the thief is protected by medical privacy laws. Victims whose records are compromised have found that records contain incorrect medical diagnosis, wrong blood types - errors that can lead to future misdiagnosis and even dangerous unnecessary treatments. And the problems are almost impossible to correct.

A survey conducted by the Ponemon Institute that asked victims to list the worst impact of the crime shows the following:

- ◆ 35% found that the person committing the fraud had used up their benefits and their valid insurance claims was denied.
- ◆ 31% reported that they lost insurance coverage because of the medical identity theft.
- ◆ 29% paid out-of-pocket expenses to the health plan or insurer to restore coverage.
- ◆ 25% lost time and productivity trying to fix inaccuracies in their credit report.

- ◆ 21% found that their credit score was negatively impacted by the fraud.
- ◆ 19% were unable to access their own medical records due to laws protecting the privacy of the identity thief.

Some 40 insurance companies, including Blue Cross Blue Shield and Aetna have formed a Medical Identity Fraud Alliance and some hospitals are using biometric screening to confirm a patient's identity, but the risks are still very real. Review those statements carefully!