

Red Flag Rules Attempt to Curb Identity Theft Hospitals and Healthcare Providers Affected

Beginning November 1, 2008, new FTC regulations will require many hospitals and other health care providers to adopt and implement a written program to address warning signs – or “red flags” – of identity theft. These regulations, known as “Red Flag Rules,” will apply to most, if not all, hospitals as well as most other health care providers. The FTC takes the position that the regulations apply regardless of whether the entity is a for-profit or non-profit entity.

- **Ensure** that the program is updated periodically to reflect changes in risks.

Programs must also address staff training, and similar to the requirements for business associates under the HIPAA rules, Red Flag programs must provide for oversight of vendors and service providers to address potential identity theft risks for consumer information shared with vendors/ service providers.

Standards for Red Flag Programs

Every program must include policies and procedures to accomplish each of the following:

- **Identify** relevant “red flags” (patterns, practices and specific activities) that signal possible identity theft;
- **Detect** the red flags that have been incorporated into the program;
- **Respond** appropriately to detected red flags in efforts to prevent and mitigate identity theft; and

Action Steps/Complying with the Red Flag Rules

Hospitals and health care providers may already meet some of the standards under the Red Flag Rules through existing HIPAA policies and procedures, but there are other standards under the Red Flag Rules that often will not be satisfied by existing HIPAA policies and procedures. There is still time to achieve compliance by the November 1, 2008 deadline. Entities covered under the Red Flag Rules should assess identity theft risks within the organization, develop a program for identifying and addressing warning signs of



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identity theft, and begin implementing that program as soon as possible.

For more information about the Red Flag Rules, or for assistance in designing the required Red Flag program, please contact Bill Hall or Mark Morrell at (804) 967-9604, or by e-mail at bhall@hdjn.com or mmorrell@hdjn.com. Additional

information about Hancock, Daniel, Johnson & Nagle, P.C. is available at the firm's website at www.hdjn.com.

<p>Richmond 4701 Cox Road Suite 400 Glen Allen, VA 23060 PO Box 72050 Richmond, VA 23255-2050 ☎ (804) 967-9604</p>	<p>Fairfax 3975 Fair Ridge Drive Suite 475 South Fairfax, VA 22033 ☎ (703) 591-3440</p>
<p>Harrisonburg 3210 Peoples Drive Harrisonburg, VA 22801 ☎ (866) 967-9604</p>	<p>Virginia Beach One Columbus Center 283 Constitution Drive Suite 301 Virginia Beach, VA 23462 ☎ (757) 321-6555</p>

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