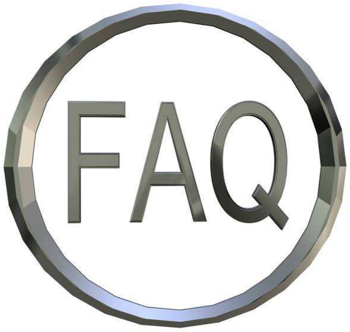

FREQUENTLY ASKED QUESTIONS

Red Flag Compliance

For Health Care Providers

Most Frequently Asked Questions and Answers provided to you by
Health Care Consulting Services, Inc.
Compliance Department

1. **Q: I've heard that the Red Flag Rule doesn't apply to our medical office because the AMA and MGMA have argued that health care providers are not creditors, is that true?**

Answer: No. The Federal Trade Commission (FTC) states identity theft prevention and the Red Flag Rule does apply to health care providers.

2. **Q: What is the deadline for compliance? It keeps changing?**

Answer: As of the date of this posting, December 31, 2010 is the NEW deadline for enforcement of compliance to the Red Flag Rule. This means health care facilities must have conducted a Risk Analysis and Identity Theft Prevention Program approved by upper management/owner, staff trained and implemented with appropriate oversight by December 31, 2010.

3. **Q: Is our office required to check a photo ID of all our patients?**

Answer: A person presenting as a patient, but using another's identity to gain access to health insurance. Asking for a picture ID or driver's license, matching names against insurance card, etc. is recommended by the FTC.

INFORMATION PROVIDED BY HEALTH CARE CONSULTING SERVICES, INC., June 1, 2010 Update

4. **Q: About this identity theft, we have a HIPAA privacy policy in place, doesn't that cover us from a compliance standpoint?**

Answer: Yes and No. The Red Flag Rule is flexible to prevent duplication of policies. By conducting a risk assessment to identify areas of highest risk, then conducting a gap analysis to check where your policies cover or don't cover these risks, you can determine the additional policies required for compliance.

5. **Q: Is conducting a risk analysis a requirement?**

Answer: Yes. It is the method used to determine the types of procedures required to mitigate the risk of identity theft for your organization. Your office can research information from the World Health Forum and create a gap analysis to conduct the risk analysis or purchase our electronic Tool Kit for $75 to accomplish (includes implementation requirements and check lists for compliance to the Rule).

6. **Q: Isn't there a policy manual already developed that we can just copy and use in our office? Like those that can be purchased for HIPAA and OSHA?**

Answer: HCCS does not offer this type of "cookie cutter" approach for the Red Flag. The FTC states in Section l.90(d) of the final rules which requires each financial institution or creditor that offers or maintains one or more covered accounts to develop and implement a written Program that is designed to detect, prevent, and mitigate identity theft in connection with the opening of a covered account or any existing covered account. To signal that the final rules are flexible, and allow smaller financial institutions and creditors to tailor their Programs to their operations, the final rules state that the Program must be ***appropriate to the size and complexity*** of the organization and the nature and scope of its activities. Why implement a program more complex than necessary? Why risk implementing a program that may not address the complexities of your organization?

7. **Q: Isn't this identity theft prevention just ensuring that patient credit card information isn't stolen?**

Answer: Identity theft prevention goes beyond protecting credit card information. It involves protecting demographics of your patients from anyone who could misuse the information and preventive measures to avoid accepting false insurance or identity presenting.

8. **Q: Does it apply if we use consumer credit reports for pre-employment purposes or just when we use credit reports during financial counseling of patients or when skip tracing?**

Answer: When determining whether your organization is subject to the Red Flag Rule – you need to evaluate use of credit reports. Use of credit reports may help define your office as being subject to the Red Flag Rule.

9. **Q: Are there specific components to the implementation of the Red Flag compliance program?**

Answer: Yes, there are 4 elements to the administration of your identity theft prevention program. These elements require board of director approval, involvement, staff training and appropriate oversight of service provider arrangements.

10. **Q: Is this something we can do on our own or should we hire a lawyer to help us manage compliance to the Red Flag Rule.**

Answer: HCCS provides a Red Flag Tool Kit which provides information for training staff on the rule, checklists to use as a guideline to determine if the rule applies to your practice, risk assessment and an implementation checklist.

If your organization is larger or complex, it is strongly recommended to seek assistance from an experienced consultant or attorney.

Still have burning questions?

Health Care Consulting Services can be retained to provide consulting service to your practice to assist in compliance issues.

Call 800-689-1727 and ask to speak with a Red Flag Consultant!