

## ***Are you Prepared for New Identity Theft Regulations?***

By Bethany K. Lusby, CPA

Medical practices may soon be required to comply with another federal regulation as the Federal Trade Commission (FTC) has issued a series of rules with which all creditors must comply. The new Red Flags rules created by the FTC are aimed at thwarting identity theft. The plan is to force creditors, which includes any medical practice that sends bills to its patients, to create a plan that will identify actions that could be identity theft and ways that it will act on them. It is important to note two things with regards to this plan: First, compliance with HIPAA or the False Claims Act does not guarantee compliance with the Red Flags rules. Second, the current compliance deadline is June 1, 2010 as the deadline has been pushed back several times.

To comply with the Red Flags Rules, you must create and establish a written Identity Theft Prevention program that:

1. Enacts policies and procedures to perform an internal risk assessment of any red flags of identity theft
2. Develops prevention plans and responses to the red flags alerts
3. Provides mitigation steps and program alert updates annually

While drafting the plan could be difficult, especially if you do not already have similar procedures in place, you may find it just as difficult to ensure that your staff is well-educated on the required policies and procedures. The understanding and diligence of your staff members could be the difference between complying and not complying with the new regulations. Ensuring that they understand the importance of compliance will help to make your job much easier. It is important to remember that while you cannot face criminal penalties for noncompliance, you may face significant civil penalties; so ensuring that your staff follows your policies is very important.

Important, too, is clear communication with your patients. As with many new regulations, you may meet some resistance from your patients when instituting new policies. Communicating clearly and early may help you alleviate some of this resistance. Be sure to let them know what to expect during their next visit to your office.

The professionals at our firm can help you with your plan. Please call us today.

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