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Escalating Health-Care Costs Fuel Medical Identity Theft

**Patients Are Told
To Guard ID Cards
Like Other Plastic**

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When a wallet is lost or stolen, the first thing most Americans do is call their credit-card company. But if health-care ID or pharmacy cards are among the missing items, you should also alert your insurer.

Medical identity theft -- in which someone uses your name and health insurance without your knowledge or consent to obtain medical treatment, prescription drugs or goods -- is on the rise. At least a half-million Americans have been affected, according to Pam Dixon, executive director of the World Privacy Forum, a San Diego research group that focuses on privacy issues.

Medical identity theft can imperil your health and finances. Unfortunately, detecting this form of thievery isn't always easy for consumers, who are often unaware of its existence, and remedying the damage can be difficult. However, there are steps to take to protect yourself from becoming a victim, experts say.

"You need to treat your medical ID card as if it were a Visa card with a million-dollar credit limit," says Nils Frederiksen, a spokesman for the Pennsylvania attorney general's office, which has successfully brought prosecutions against medical ID thieves.


Escalating health-care costs and the growing ranks of the uninsured are fueling this fast-growing fraud. Before he was caught, Daniel Sullivan, an uninsured Pennsylvanian, racked up more than \$144,000 in medical bills at five hospitals posing as an acquaintance whose insurance information he had stolen.

In addition, drug addicts in search of their next high -- or treatment for methamphetamine-related illnesses -- are committing medical ID theft, according to a report published in May by the Department of Justice's National Drug Intelligence Center.

With health-care benefits becoming an increasingly valuable commodity, criminal gangs are getting in on the act. Often it's an inside job where a worker in a hospital or doctor's office steals patients' identities en masse and sells them to criminals who then use them to obtain payment for fake procedures.

"It's a very lucrative crime," says Mike Stergio, director of **Aetna** Inc.'s special investigation unit.

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The number of cases the health insurer is investigating has doubled in the past year.

Mr. Stergio is currently investigating a case in which Aetna was hit with claims totaling \$3.5 million over a two-week period for treatments supposedly provided to 400 of its members. The sheer volume of claims and suspicious patterns of procedures -- four colonoscopies in one family - prompted the insurer to investigate and freeze payments.

One of the biggest threats posed by medical identity theft is that victims can receive the wrong medical treatment based on the fraudulent information in their medical records. (You are allergic to penicillin, the imposter isn't.) In addition, theft can cause victims to fail pre-employment medical exams or become uninsurable. (What about that cancer diagnosis?) And their credit can become badly damaged. At a broader level, health-care fraud leads to higher health insurance premiums, higher taxes and higher co-payments.

People are often unaware their identities have been stolen, since scammers usually change the home address to which medical bills are sent. And it can be hard to set the record straight because the law offers few protections.

The Health Insurance Portability and Accountability Act grants all patients the right to access their medical records, generally within 30 days. However, the law's privacy provisions can actually hinder victims. In some instances, a request for access by the victim has been denied because the actual patient -- that is, the criminal -- was another person, according to the World Privacy Forum.

"While victims of financial identity theft can put a security freeze on credit bureau reports, victims of medical identity theft sometimes can't even get access to their health files," Ms. Dixon told delegates at the American Health Information Management Association.

The [World Privacy Forum's Web site](#)¹ provides a detailed guide on how to gain access to your medical records and seek amendments, including sample letters that you can send to health-care providers.

If your health plan gives you the option to monitor your benefits online, as Aetna does, sign up for a password-protected account, Mr. Stergio recommends. That way you can keep tabs on your health benefits in much the same way you do for financial transactions in your bank account.

If you see a problem, contact your insurer immediately. Once alerted, insurers can remove information from your records that could affect payment for future treatment. For example, if the imposter had an appendectomy in your name and you later need one, the insurer won't pay again for the same operation. Also, any treatment an undetected thief receives in your name eats into your lifetime maximum benefits.

Beware of "free" medical services or treatments. Sometimes illicit entities use the lure of free services to obtain patient names and insurance information for use in submitting fraudulent claims. Always question what is being offered and who is paying the cost. If you aren't satisfied with the answers, decline the offer.

"If you go into a clinic for a free checkup and they ask to see your insurance card, run for the exit," says Byron Hollis, national antifraud director for the BlueCross BlueShield Association. The elderly are often the targets because they tend to be more trusting and carry Medicare cards,

which to criminals are like gold.

Other tips: Don't give your insurance information to telephone marketers or door-to-door solicitors. And make sure you aren't overheard or spied on when giving sensitive information to medical staff.

It's also important to carefully read the explanation of benefits that your insurer sends you after you have received health-care services. Incorrect group or identity numbers are red flags, as are the names of medical facilities or procedures listed that you don't recognize. You can find more tips on reading your explanation of benefits at the [BlueCross BlueShield Association's Web site](#)².

Consumers should also monitor their credit reports for claims filed by health-care providers, says Adam Levin, co-founder of Identity Theft 911 LLC, a company that helps individuals and companies resolve identity theft problems.

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