

The Board of Registration in Medicine

ALERT!

FTC RED FLAG RULE

UPDATE: The FTC has delayed implementation until Nov. 1, 2009. Click the links below for more information

On August 1, 2009, the Federal Trade Commission (FTC) intends to apply its new “Red Flag Rule” regulations to physician practices. According to the FTC Rule, physician practices that accept insurance or allow patients to pay in installment plans must have adequate written policies and procedures in place to protect against identity theft by August 1, 2009, or face a penalty of up to \$2,500 per “knowing violation.”

Medical identity theft occurs when someone uses a person’s identifying information, such as name, Social Security number, credit card number or insurance coverage data, without that person’s knowledge or consent, to obtain or make false claims for medical services or goods. A “red flag” is a pattern, practice or specific account or record activity that indicates possible identity theft.

The American Medical Association has prepared a guidance document and sample policies for physician practices. Please note, the AMA objects to the FTC’s interpretation that a physician is a “creditor” and thus subject to the Red Flag Rule, and is seeking to delay or prevent application of the Rule to physician practices. The Board of Registration in Medicine will notify its licensees if there are further developments on these regulations.

For further information on the Red Flag Rule and for the AMA’s sample policies and procedures, see:

<http://www.ama-assn.org/ama/no-index/physician-resources/red-flags-rule.shtml>
<http://www.ama-assn.org/ama1/pub/upload/mm/368/red-flags-rule-policy.pdf>