The Growing Threat of Medical Identity Fraud: A Call to Action

Presented by:
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Agenda

• Review the challenge and cost of medical identity theft and resulting fraud
• Introduction to the Medical Identity Fraud Alliance (MIFA)
• Prospects for the future
The Problem

• Medical Identity Theft and Fraud
  - Includes the theft of Protected Health Information (PHI) or Personally Identifiable information (PII) for the purpose of financial gain or to unlawfully obtain goods and services
  - In addition to the person whose identity has been stolen, victims include healthcare providers, insurance companies, taxpayers and consumers who subsequently pay higher prices for their care
  - Contributing factors:
    - Electronic pervasiveness of PHI
    - Changing regulatory landscape
    - Increasing number of individuals with healthcare benefits
    - Increasing alternative delivery models that include care outside of facilities
    - A significant increase in the value of PHI because of its use by hackers and criminal organizations

• Lack of coordinated response by public and private sectors to protect the privacy and security of PHI
What We Know...

- Fraud adds $75 billion in excess costs to health care annually\(^1\)
- Medical identity theft is a huge national problem with an economic impact of $41.3 billion per annum\(^2\)
- Individuals are unaware – and unengaged with only 15% of insured adults familiar with medical identity theft\(^3\)
- Stolen, ransomed or misused patient data is at the core of many crimes perpetrated by the gamut of fraudsters, including organized crime
- The growth in EHRs will magnify the problem
- The average per capita cost of a data breach for US organizations is $188\(^4\)
- As law keeps pace with technology, there will be additional regulations and increasing penalties for noncompliance
- **There is currently no organization (institution or association) with a focused agenda on medical identity theft and fraud**

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\(^1\) 2012 National Academy of Sciences Health Care Study
\(^2\) 2013 Javelin Strategy & Research Identity Fraud Report
\(^3\) 2012 Ponemon Institute Survey on Medical Identity Theft
The Solution – The Medical Identity Fraud Alliance

- **Mobilize** the healthcare ecosystem
- **Cooperate** to leverage collective power
- **Research** to adequately understand the problem
- **Educate** consumers, industry, legislators and regulators
- **Empower** individuals to be a first line of defense in protecting their PHI
Guiding Principles

• There is no single solution for the prevention of fraud, including medical identity fraud
• Fraud is not a competitive issue
• Voluntary compliance and self-regulation is possible and can be achieved through cooperative collaboration
• Industry and government must work together in the fight against fraud
• Consumers must take an active role in the security and privacy of their PII/PHI
MIFA Initial Goals

• Recruit founding members of MIFA and increase membership to 100 by December 31, 2014
• Develop the MIFA Board of Directors – industry champions to provide strategic vision for the organization
• Develop the MIFA Steering Committee from critical thinkers from the MIFA membership to develop and lead MIFA initiatives and projects
• Create the MIFA Institute to work collaboratively with MIFA to serve as a national resource on consumer-related issues associated with medical identity fraud
MIFA Current Deliverables

• **Foundational White Paper on Medical ID Theft**
  – The current landscape and risk environment
    • Gap analysis and recommendations for closing the gaps
    • Engaging the consumer in fraud prevention

• **MIFA/Ponemon Institute Study on Medical ID Theft**
  – Consumer survey to measure and understand:
    • Consumer awareness of Medical Identity Theft
    • Medical identity theft victim impact
  – Includes input from:
    • Federal Trade Commission (FTC)
    • Department of Justice (DOJ)
    • Federal Bureau of Investigation (FBI)

• **Available through our web site at** [www.medidfraud.org](http://www.medidfraud.org)
Some Key Points from the Ponemon Study

• The number of Medical ID theft victims has grown 19% between 2012 and 2013 with over 1.8M victims

• 58% of the instances of medical identity fraud are “friends and family”
  – 30% of the “victims” knowingly loaned their credentials
  – 28% of the “victims” had their credentials stolen by someone they know

• 8% were victims of phishing or spoofed web sites

• 50% of the victims are not aware that medical identity theft can create inaccuracies in their medical records.

• Most victims did not incur any financial impact but the 36% that did paid an average of $18,660.
MIFA Proposed Activities

• **Conduct Research to understand the root causes of medical identity fraud**, including internal and external sources.

• **Participate in a community of industry knowledge experts** to develop industry best practices, policies and best-in-class technologies for fraud detection and prevention.

• **Inform and influence public policy** by building working relationships with law enforcement and regulatory agencies (FBI, OIG, FTC, OCR), and advocating on behalf of consumers.

• **Develop technologies to encourage consumers to play an active role** in the protection of their health information.
MIFA Proposed Activities

• **Create best practices for prevention, detection and mitigation** including risk analytics, internal audit, third-party risk assessments, Cloud and mobile security and authentication technologies

• **Develop a fraud loss reporting program** to identify and measure fraud losses incurred by organizations for the purposes of identifying trends, best practices and benchmarking, including understanding the impact of health reform

• **Develop education and awareness materials** for members to provide to their constituents and for dissemination to the public via the MIFA Institute

• **Demonstrate organizational leadership and build consumer recognition** as a champion in the effort to protect patient information and reduce medical identity fraud
MIFA Participants

• Members
  – Health Plan Providers
  – Integrated Managed Care Providers
  – Health Care Providers
  – Technology/Service Providers

• Strategic Partners
  – Government
    • Regulatory agencies, law enforcement or prosecutorial agencies
  – Nonprofit Healthcare Industry and Fraud Reduction Associations
  – Academia
  – Researchers
  – Consumer Advocates
Benefits for All Participants

• **Thought Leadership**
  - Engage and network with top thought leaders on medical identity fraud, information protection and security issues
  - Participate in the development of a comprehensive research agenda
  - Opportunity to be listed as a contributor to consumer-related education and engagement campaigns

• **Innovative Applied Research**
  - Identify key medical identity fraud management and information protection challenges impacting markets and customers
Benefits for All Participants

• **Best Practices, Tools and Technologies**
  - Enhance current efforts to lessen exposure to fraud losses
  - Design metrics to measure risk and capture fraud losses and loss avoidance in order to distinguish trends and patterns of medical identity fraud
  - Use metrics to benchmark performance against other industry participants
  - Shape best-in-class technologies and educational materials to empower consumers to be the first line of defense in protecting their PHI/PII

• **Improved Brand Visibility**
Join Us

• To be recognized:
  - By consumers as **Protectors** of their health information and identities
  - By industry as **Innovators** committed to a culture of cooperation to mitigate medical identity fraud
  - By peers as **Visionaries** on the forefront of improving data security, privacy and medical identity protections
  - By regulators as **Leaders** guiding policy, processes and decision-making
  - By the public as **Contributors** to the national effort to reduce medical identity fraud
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