

Published: Nov 10, 2007 12:00 AM

Modified: Nov 10, 2007 05:08 AM

Doctors' offices try to ward off medical identity theft

VICKI LEE PARKER, Staff Writer

[Comment on this story](#)

The next time you visit your family doctor, you should be ready to smile and say "cheese."

Some local practices are putting their cameras to work as insurance companies push doctors to find ways to prevent medical identity theft.

About six months ago, Family Medical Associates of Raleigh started taking photos of its patients to add to its permanent electronic file. That way, when someone comes in for an appointment, the administrator can quickly pull up the medical records and confirm that the person seeking treatment is indeed the correct patient, said Janet Spangler, administrator for the practice.

Gynecology & Laparoscopic Surgeons in Raleigh downloads patients' driver's license photos for its permanent medical files. Kimberly Melton, the practice manager, said the office started downloading the photos after receiving calls from insurance companies to verify the identity of patients suspected of fraud.

"We found that a lot of surgery insurance fraud was going on," Melton said.

Medical identity theft occurs when someone uses another person's personal information to get medical services or prescriptions or collect money from medical claims.

Lou Patalano, director of the special investigations unit at Blue Cross and Blue Shield of North Carolina, said such fraud is not a major problem, but it's growing.

Blue Cross is urging its members to ask for patients' insurance cards and driver's licenses each time they come into the office, not just on the first visit, he said.

This year, Blue Cross has investigated several cases across the state.

In one instance, a woman noticed payments for a treatment she had never received on her explanation of benefits statements, Patalano said. It turned out her husband had taken his girlfriend to the doctor and used his wife's insurance card.

Still, some question how prevalent medical ID fraud is.

"It's certainly true that it can happen and it probably does happen," said Jim Harper, author of "Identity Crisis: How Identification is Overused and Misunderstood."

"But is it a problem that is sweeping the nation? I have my doubts."

The World Privacy Forum, a nonprofit research and consumer education organization, estimates that 250,000 to 500,000 consumers have been victims of medical identity theft.

Pam Dixon, the forum's executive director, said its 2006 study estimated that health-care fraud has cost the industry \$400 billion to \$700 billion. How much of that could be attributed to medical ID theft is unclear, she said.

"If it is even 1 percent of that, you are looking at a lot of money," Dixon said.

The forum's study, which incorporated interviews with victims, medical professionals and law enforcement officials, found that stolen insurance cards are just a small part of the problem.

Schemes to bilk insurers

Dixon said there is a black market for medical records, with the police reporting that a person's medical records can sell for about \$50 on the street, compared with a dollar or two for Social Security numbers.

The records are used by fake clinics to file fraudulent claims so that they can bilk insurance companies out of millions of dollars.

Kenneth Faustine, director of special investigations at Cigna, said he is seeing more of these types of schemes. Criminals typically buy 1,000 medical records and set up a post office box to collect checks, he said.

"They hit quick, and by the time anyone realizes it, they [have] shut down," he said.

Faustine said Cigna developed a computerized system that helps detect such fraud. For example, if a certain doctor typically sends in 100 claims a month, the system will prompt an investigation if that doctor suddenly submits 500 claims.

Not all schemes are so elaborate; some data is simply sold to individuals who don't have insurance. About 47 million people were uninsured in 2006, according to the U.S. Census Bureau.

Such thefts are costly to insurance companies and the scammed consumers, and they can be just as big a headache as any other identity theft.

It's difficult to remove erroneous information from medical records, Dixon said, because some health-care providers are reluctant to change records out of fear of violating federal health and privacy laws.

But erroneous information can compromise a patient's medical history and lead to a wrong diagnosis or treatment, Dixon said. "It has the potential to pose significant harm," she said.

vicki.parker@newsobserver or  (919) 829-4898

[Read The News & Observer print edition on your computer with the new e-edition!](#)

SAFEGUARDING HEALTH INFO

Jim Harper, who lives in Washington, is the author of "Identity Crisis: How Identification is Overused and Misunderstood."

Harper suggested following these steps to avoid being a victim of medical identity theft:

- * Review all your medical statements.
- * Ask your doctor questions about your care.
- * If you notice unfamiliar payments or treatments in your records, contact your insurance provider.

© Copyright 2009, The News & Observer Publishing Company

A subsidiary of [The McClatchy Company](#)