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South Floridians increasingly victimized by medical identity theft

By Ian Katz
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As front desk coordinator at Cleveland Clinic in Weston, Isis Machado was in a prime position to steal medical records.

On various days in May and June of last year, Machado waited until her supervisor left before printing out the Medicare data of about 1,130 patients. She would later meet her cousin, Fernando Ferrer Jr., at a gas station in Miami Lakes, according to her own court testimony. In exchange for the printouts, Ferrer gave her \$5 or \$10 per patient.

The case is one of the best-documented incidents of medical ID theft, a form of identity fraud that privacy experts say is increasingly common because it is so difficult to detect.

According to a federal grand jury indictment, Ferrer, who owned a medical claims company in Naples, used the information to file false Medicare claims and provided the data to others who also filed fake claims.

In the most extreme medical ID theft cases, someone whose health record has been altered could receive incorrect or even dangerous treatment.

For example, records could list the wrong blood type or list diseases the patient doesn't have. Such mistakes are not yet common, but privacy rights experts say anecdotal evidence suggests that it's happening more frequently.

Medical ID theft also costs the government at least hundreds of millions of dollars per year in fake billings.

In May, federal officials said they had arrested 38 people in connection with \$142 million in Medicare fraud in Miami-Dade County — much of it related to medical ID theft. Suspects allegedly set up phony medical equipment dealerships and stole or bought Medicare numbers to bill the government for power wheelchairs, walkers and other equipment.

Medical ID theft occurs in a couple of different forms.

One is when someone uses another person's data, such as name, Social Security number or insurance information, to get medical services without the victim's knowledge. Another is when the thief uses someone's identity to falsify insurance claims.

About 90 percent of medical ID theft cases are inside jobs involving at least one person at the health-care provider, said Pam Dixon, executive director of the World Privacy Forum, a nonprofit research center in San Diego. There are no reliable statistics on medical ID theft, but Dixon estimates that one-quarter million to a half-million people have been victims.

"It's really becoming a problem," Dixon said. "It's on the radar and getting worse."

One of the most troubling aspects is that organized crime rings, including the Russian mafia, are buying small health clinics in major cities and turning them into medical ID theft units.

"We're not talking about mom-and-pop operations," Dixon said. "These are very sophisticated individuals. They advertise free medical exams. The poor victim gets

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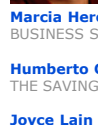
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his [Medicare] card copied. And they change the billing address so that the victim never gets a piece of paper from that [provider]."

The rings pay about \$50 per medical ID, Dixon said, much more than the \$5-\$10 Machado received for selling IDs to her cousin.

In January, Machado pleaded guilty to conspiracy to commit fraud, and testified against Ferrer. She was sentenced to three years of probation, including six months of house arrest.

Ferrer pleaded not guilty and was convicted of conspiracy to commit fraud, computer fraud, aggravated ID theft and wrongful disclosure of health information. He was sentenced to seven years and three months in prison. Both Ferrer and Machado were ordered to pay \$2.5 million in restitution.

In response to the crime, Cleveland Clinic increased its surveillance and retrained employees on privacy rules, clinic spokeswoman Eileen Sheil said.

Victims of most medical ID theft cases are not aware that someone is using their identity and find out only when they receive a bill or when they check their credit report.

That's what happened to Bruce Darcy of Fort Lauderdale. About a year ago, Darcy, 46, received a letter from a collections agency claiming that he owed a medical bill of about \$1,100. He's not sure what kind of treatment it was for.

"I was upset and frustrated and not sure how to fix it," he said.

It took him a few hours to clear up the issue with the collections agency and credit agencies. As often is the case with identity theft, the problem resurfaced. Darcy found the past-due charge on his credit report.

Many medical ID thefts cause no more harm than forcing the victims to prove to collectors and credit agencies that they're not responsible for the charge. Still, these people need to be on the lookout for years for any mistakes that might appear on their health records.

Medical ID theft is harder to detect than most ID theft incidents, such as credit-card fraud, said Jorge Rey, an audit manager in the Miami office of accounting firm *Kaufman, Rossin & Co.* It has become increasingly common for consumers to check their credit reports, but not many people regularly scrutinize their medical records for possible fraud.

Rey suggests checking medical and insurance records at least once a year to see a list of benefits paid. "Ask your doctor for a copy of your file and ask, 'What do you have about me?' There's no control better than your own control."


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