The Rise of Medical Identity Theft

By: Consumer Reports

It began like an ordinary purse snatching. The credit card reader on the gas pump at her Houston neighborhood station wasn't working, so Deborah Ford went inside to pay. By the time she returned to the car, her purse and wallet were gone. Ford filed a police report, canceled credit cards, and requested a new driver's license and health insurance card. She checked with the bank several times to be sure nothing was funny, then forgot about it.

Two years later, the retired postal worker received an unsettling call from a bail bondsman; she was about to be arrested for acquiring more than 1,700 prescription opioid painkiller pills through area pharmacies.

"I had my mug shot taken, my fingerprints taken," she says. Ford suffers from psoriasis, and she was so stressed that she broke out in the signature rash. "The policemen looked at my hands and said, 'That's what drug users' hands look like.' They just assumed I was guilty."

Later, a judge dismissed the charges. "What saved me from going to jail was that I had filed that police report," Ford says.

Turns out the thief altered Ford's driver's license and used that and her stolen health insurance card to go to doctors to seek prescription painkillers. Eventually, Ford says, a pharmacist became suspicious and called police.

"Boy, the thieves messed me up," Ford says now of her lengthy and expensive ordeal, which began with the theft in 2008 and didn't end until she got her name cleared of the arrest record last year. "Once they've got your identity, they've got you," she says.

Inside Medical Identity Theft

Ford's story is but one glimpse of what medical identity theft can look like these days and why it has become a fast-growing strain of identity theft, with an estimated 2.3 million cases identified in 2014, a number that's up almost 22 percent from the year before.

Your personal health insurance information, including your Social Security number, address, and email address, is valuable and vulnerable. When it gets into the wrong hands it can be used to steal expensive medical services—even surgeries—and prescription drugs or to procure medical devices or equipment such as wheelchairs.

Providers are working on new strategies to prevent it. They're using software to detect fraud in billing, training staff and consumers to

Providers are working on new strategies to prevent it. They're using software to detect fraud in billing, training staff and consumers to recognize warning signs and asking for photo IDs, explains James Quiggle of the Coalition Against Insurance Fraud.

Coalition Against Insurance Fraud

recognize warning signs and asking for photo IDs, explains James Quiggle of the Coalition Against Insurance Fraud. He says consumers can expect to see more extensive verification screening in the future, such as the use of fingerprints or palm prints. And soon Medicare cards will no longer bear Social Security numbers.

A Dramatic Rise in the Crime

As recently as six years ago, your medical information was kept in paper files, but now it has a more robust virtual life—in electronic health records and in details you share online. All of that can increase the likelihood that the wrong people could gain access to your data.

"Now there's electronic data traveling through all kinds of devices and networks, and it's much harder to lock it down," Patterson says.

Big data breaches in the medical care industry have been on the rise over the past decade, including the hack of health insurer Anthem in 2015, when about 70 million of its records were reportedly stolen. And yet it's still unclear how often medical identity fraud stems from those kinds of hacks, Patterson explains.

Most at Risk for Medical Identity Theft

What industry analysts do know is that some people are more likely to become targets,