

FTC Delays Enforcing "Red Flag" Rule Until November 1

July 29, 2009

Federal Trade Commission (FTC) has again delayed the enforcement of a rule that would have required most physician practices to adopt an identity theft protection program.

The new deadline for complying with the "red flag" rule is now November 1, 2009.

The rule was principally targeted to financial institutions, to "detect, prevent, and mitigate instances of identity theft." The FTC decided that physician practices that allow patients to defer payments must also comply with the rule. The AMA and many other health care organizations argued that this interpretation was too broad and would unduly burden small practices. The small business community also argued that the rule unduly burdened its members.

The FTC seems to have heard those concerns. In its announcement, the FTC said, "Commission staff would be unlikely to recommend bringing a law enforcement action if entities know their customers or clients individually, or if they perform services in or around their customers' homes, or if they operate in sectors where identity theft is rare and they have not themselves been the target of identity theft."

The FTC said in a July 29 statement it "will redouble its efforts to educate them about compliance with the Red Flags rule and ease compliance by providing additional resources and guidance to clarify whether businesses are covered by the rule and what they must do to comply."

FTC's Red Flags Web site: www.ftc.gov/redflagsrule

FAQs that address how the FTC intends to enforce the Rule and other topics: www.ftc.gov/bcp/edu/microsites/redflagsrule/faqs.shtm