



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

## ***COMPLIANCE ALERT 10-54***

### ***President Obama Signs law exempting Physicians from Red Flag Law***

On December 18, 2010, President Obama signed legislation that exempts from the definition of "creditor" those businesses "that advance funds on behalf of a person for expenses incidental to a service provided by the (business) to that person." This includes physicians that HHSC bills for services provided in HHSC facilities.

Clarification of Red Flags Rule. The new legislation S. 3987 (available through link below) "makes clear that lawyers, doctors, dentists, orthodontists, pharmacists, veterinarians, accountants, nurse practitioners, social workers, other types of healthcare providers and other service providers will no longer be classified as 'creditors' for the purposes of the Red Flags Rule just because they do not receive payment in full from their clients at the time they provide their services..." according to a colloquy in support of the bill from Sen. Christopher Dodd, D-Conn. (AHLA, 12/22/10)

Passage of this Clarification Act removes mandatory obligations and responsibilities that many hospitals saw as onerous and burdensome. However, HHSC Policy CMP 0015 "Identity Theft Prevention Program Policy" remains in effect and as a matter of good faith and protection of our patients' identity, all HHSC facilities should continue to work to identify and report any possible identity theft "red flags."

Source: <http://www.gpo.gov/fdsys/pkg/BILLS-111s3987enr/pdf/BILLS-111s3987enr.pdf>  
DWT Advisory, December 9, 2010  
<http://www.healthlawyers.org/Lists/Health%20Compliance/Flat.aspx?RootFolder=http%3a%2f%2fwww%2ehealthlawyers%2eorg%2fLists%2fHealth%20Compliance%2f%60Red%20Flag%20Program%20Clarification%20Act%20of%202010%27&FolderCTID=0x0120020021DB27CF30DF8544A648675C4FDCEB24>