



pulse

Scrutiny on Information Security Increases

Quick tips on how to protect client and consumer data.

By Tim Dressen

Collection agencies possess a plethora of data about their clients' customers who have past-due accounts. Protecting that data is essential. Consumers expect it, clients demand it, and regulators require it.

"Recent insurance renewals are requesting more details about information security because insurers are seeing more claims filed in that area," said Lauren Valenzuela, counsel at Actuate Law. "Our industry should expect more and more scrutiny from licensing authorities, regulators insurance companies and, of course, clients."

Data breaches targeting large companies and institutions receive a lot of public attention, but companies of all sizes are at risk.

Hackers continue to seek information they can sell—a "traditional" reason for accessing companies' data—but ransomware attacks have become an increasingly common income source. With ransomware attacks, hackers lock up their victims' technology systems and data, holding it hostage until the individual or company meet specific payment demands.

One of the biggest potential vulnerabilities for many collection agencies is the use of outdated technology. Upgrading systems is time-consuming and expensive, but using legacy systems carries increased security risks.

"A lot of data breach incidents result from legacy systems," said Kim Phan, partner with Ballard Spahr. "Some of the more evolved software doesn't properly integrate with legacy systems. The same protections that are available on today's updated systems simply aren't available on legacy systems. Companies need to find ways to shift their data to newer systems with greater security."

Protecting data requires a complete program of proactive practices, including:

- Install updates and patches on software and operating systems. Developers update their products to help protect against threats, but many users don't promptly apply them, leaving their data vulnerable.
- Routinely force password updates, and require employees to use complex passwords that include a combination of capital and lowercase letters, numbers and symbols.
- Implement multifactor authentication for system and software access whenever available. This process adds a layer of protection beyond password access.
- Regularly audit user accounts with administrative privileges to ensure they aren't abusing their access.
- Implement network segmentation to limit the scope of a potential breach. When one zone of the network is attacked, the others remain safe.

- Encrypt data so if it does fall into the wrong hands, they aren't able to easily understand or use it.
- Install and update antivirus and antimalware protection software.
- Train, retrain and test employees about identifying potential threats and taking proactive measures, like avoiding public wifi networks.
- Implement a system that adds a prominent notification at the top of emails sent from external sources to help employees identify phishing attempts.

continued on page 3



Third in a Series of Interim Final Rules Seeks to Implement No Surprises Act

The final rule will provide protections against surprise medical billing.

This fall, the Biden administration issued an interim [final rule](#) with a comment period to further implement the No Surprises Act, a consumer protection law that helps prevent the practice of surprise medical billing. The rule has been implemented through the Departments of Health and Human Services (HHS), Labor (DOL), Treasury, and the Office of Personnel Management (OPM), [according to a news release](#).

This rule will help provide a transparent process to settle out-of-network rates between providers and payers, take patients out of the middle of payment disputes, and cover requirements for health care cost estimates for uninsured or self-pay patients.

In addition, the rule will impose civil monetary penalties of up to \$10,000 on providers and facilities with surprise billing compliance issues in accordance with the No Surprises Act, [according to a](#)

[report from RevCycle Intelligence](#).

Other consumer protections in the rule include a payment dispute resolution process with additional protections in the external review process for individuals with job-based or individual health plans to dispute denied payment for certain claims, according to HHS.

“With today’s rule, we continue to deliver on President Biden’s Competition Executive Order by promoting price transparency and exposing inflated health care costs,” said HHS Secretary Xavier Becerra. “Our goal is simple: giving Americans a better deal from a more competitive health care system.”

This rule is the third in a series from the departments and the OPM incorporating the No Surprises Act and will take effect Jan. 1, 2022. In addition to banning surprise billing for emergency services, it also bans certain non-emergency care provided by out-of-

network providers at in-network facilities and limits high out-of-network cost-sharing.

“Price transparency is a reality in almost every aspect of our lives except health care,” said CMS Administrator Chiquita Brooks-LaSure. “The Biden-Harris Administration is committed to changing this. With today’s final rule, we are requiring health care providers and health care facilities to provide uninsured patients with clear, understandable estimates of the charges they can expect for their scheduled health care services.”

The departments have also released the [Calendar Year 2022 Fee Guidance for the Federal Independent Dispute Resolution Process Under the No Surprises Act - PDF](#), which provides an overview of the timeline of entity and administrative fee charges.

More information: <https://bit.ly/3Cdo1dl>

Report Shows an Increase in M&A Regional Partnerships in the Last Quarter

As the trends move toward regionalization, the mergers and acquisitions in the health care industry reflect consolidation and sharing of resources.

Merger and acquisition revenue in the last two quarters has remained high at \$8.5 billion, with a major shift away from acquisitions of smaller, independent hospitals and a focus on regional partnerships, according to a report from Kaufman Hall.

“For-profit health systems are maintaining their focus on building strong regional markets and divesting hospitals outside of their core business regions. A significant portion of Q2 activity was concentrated in the southeast, with Georgia alone accounting for three transactions involving eight hospitals and approximately \$1.5 billion in transacted revenue,” according to the report.

Total revenue in the first and second quarter of 2021 came to a total of around \$17.2 billion from 27 total transactions.

“Total transacted revenue in 2021 is the second highest in recent years, despite significantly fewer transactions,” according to the report. Conversely, in 2020, revenue for the same combined quarters was roughly \$17 billion over almost double—43 transactions.

In the second quarter, merger and acquisition activity was at an historical low pre-pandemic with just 14 transactions. However, this was counteracted by a high number of transactions with revenues above \$500 million, including a “mega merger”

announced in the second quarter of 2021 with Beaumont Healthy System and Spectrum Health.

Additionally, the average seller size by revenue for 2021’s second quarter was well above historical averages for the second quarter and for recent year-end averages at \$604 million.

The most significant transactions in the second quarter include:

- Spectrum Health and Beaumont Health’s plan to form a combined system in Michigan with \$13 billion in annual operating revenue;
- Tenet Healthcare’s plan to sell five hospitals in south Florida’s Miami-

NEWS & NOTES

NPR Poll Finds Americans' Health and Financial Security Worsens

While COVID-19 infections have begun to fall more than a year and a half into the pandemic, many Americans are still facing severe financial problems and disruptions to health care access, according to poll findings released Oct. 12. The poll found that 38% of households report experiencing financial problems over the last few months, 67% of households report receiving federal assistance in recent months, and 19% of households said they lost all of their savings during the COVID-19 pandemic and currently do not have savings to fall back on. Read the poll here: <https://n.pr/3DWANxG>

FTC Issues Health Breach Notification Rule

A new policy from the Federal Trade Commission is requiring that health apps and connected device companies that collect health information must comply with the [Health Breach Notification Rule](#). The rule was created to hold entities not covered under HIPAA accountable for data breaches, and requires vendors of personal health records and other entities to alert the FTC when a personal health record data breach occurs, [according to the report](#).

We Want to Hear From You

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Scrutiny on Information cont. from page 1

Beyond these basic practices every company needs to have in place, there are several additional "gold standard" best practices for extra protection. They include ethical hacking and penetration testing, which entails hiring a reputable data security vendor to perform an authorized system attack, mimicking the actions and attempts used by hackers. This practice detects vulnerabilities so companies can implement practices and training that targets weak spots.

Because collection agencies work with many service providers, they should ensure all such vendors have systems that match or exceed their own. Understand their practices and hold them accountable for responsible data use, periodically auditing their technology and data use.

"Classify your information into different tiers and risk levels and then classify vendors the same way," Valenzuela said.

Many proactive technology security measures may seem cumbersome to implement and maintain. Today, it may be easier and cheaper to delay updating systems and improving practices. However, today's savings will be exponentially exceeded in the costs to clean up after a cyberattack if your systems fail a week, month or year from now.

Tim Dressen is a communications consultant and former editor of Collector magazine.

Because collection agencies work with many service providers, they should ensure all such vendors have systems that match or exceed their own.

Report Shows an Increase cont. from page 2

- Dade and Broward Counties to Steward Health Care System;
- Piedmont Healthcare's plan to acquire four Georgia hospitals from Nashville; and
- Medical University of South Carolina's plan to buy three South Carolina hospitals from LifePoint Health in Tennessee.

The M&A trends this year see a big focus on regionalization, "with an emphasis on building depth within local markets and breadth through expansion to neighboring geographies," according to the report.

This move toward regionalization means consolidating resources and sharing them where there isn't a strong presence in these health care systems, which is a particularly valuable goal throughout the COVID-19 pandemic. A robust regional market will allow health systems to partner with health plans and

local employers to benefit and build community-based initiatives.

"Partnerships with well-established organizations can preserve and leverage local knowledge within a newly combined organization or new venture," according to the report.

Read more here <https://bit.ly/hc-mergers> and see findings in Data Watch.

datawatch



is a monthly bulletin that contains information important to health care credit and collection personnel. Readers are invited to send comments and contributions to:

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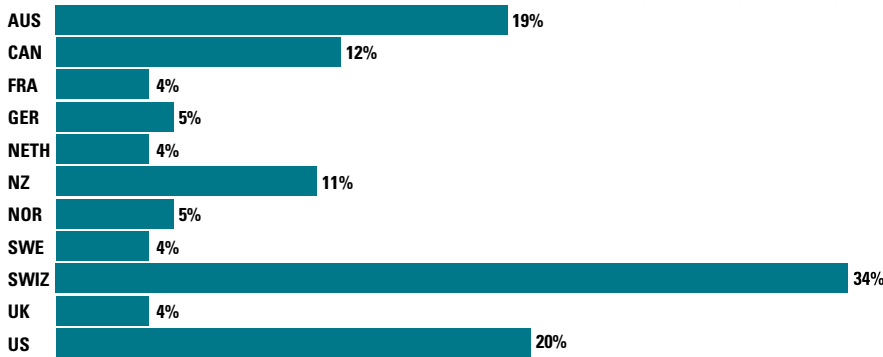
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Out-of-Pocket Medical Costs for Older Adults Across High-Income Countries

A 2021 International Health Policy Survey of Older Adults from The Commonwealth Fund found that a larger share of older adults in Switzerland, the U.S., and Australia had high out-of-pocket health care costs compared to other high-income countries. According to the survey, if out-of-pocket costs for health care services are not affordable, some older adults will postpone nonurgent care or forgo it entirely, leading to worsened health conditions and delayed diagnoses.

PERCENT OF ADULTS AGE 65+ WHO REPORTED OUT-OF-POCKET COSTS OF MORE THAN USD 2,000 IN PAST YEAR, BY COUNTRY



Source: *The Commonwealth Fund 2021 International Health Policy Survey of Older Adults.*
<https://bit.ly/3vlobY7>