

**Unencrypted Thumb Drive Loss Leads to HIPAA Breach & Fine!**



*First HIPAA breach of a Covered Entity for lack of breach notification policies and procedures*

**Adult & Pediatric Dermatology, P.C. (APDerm) – December 27<sup>th</sup>, 2013:** Under a settlement with the U.S. Department of Health and Human Services (HHS), APDerm has agreed to a \$150,000 payment. APDerm is a private practice that delivers dermatology services in four locations in Massachusetts and two in New Hampshire. **This case marks the first settlement with a covered entity for not having policies and procedures in place to address the breach notification provisions of the Health Information Technology for Economic and Clinical Health (HITECH) Act.** *(Emphasis added.)*

The HHS Office for Civil Rights (OCR) opened an investigation of APDerm upon receiving a report that an unencrypted thumb drive containing the electronic protected health information (EPHI) of approximately 2,200 individuals was stolen from a vehicle of one its staff members. The thumb drive was never recovered. The investigation revealed that APDerm had not conducted an accurate and thorough analysis of the potential risks and vulnerabilities to the confidentiality of EPHI as part of its security management process. Further, APDerm did not fully comply with requirements of the Breach Notification Rule to have in place written policies and procedures and train workforce members.

In addition to a \$150,000 resolution amount, the settlement includes a corrective action plan requiring APDerm to develop a risk analysis and risk management plan to address and mitigate any security risks and vulnerabilities, as well as to provide an implementation report to OCR.

<http://www.hhs.gov/ocr/privacy/hipaa/enforcement/examples/apderm-agreement.html>.



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**It is time to comply!**

