



OCR SETTLES WITH FQHC FOR \$400,000

In a significant development for FQHCs, on April 12, 2017, the Office of Civil Rights (“OCR”), which enforces compliance with the HIPAA rules, announced a HIPAA settlement with a Federally Qualified Health Care Center (“FQHC”).

This is the first public announcement of an OCR settlement with an FQHC, with previous OCR settlements principally involving health systems, hospitals or other large providers.

Previously, FQHCs may have viewed themselves as providers of care to the poor and medically underserved against whom OCR would not seek to enforce penalties. However, in this settlement, OCR investigated an FQHC and reported that it had considered the provider’s FQHC status, financial standing and continued ability to provide patient care, and still determined that the settlement amount would be \$400,000.

The settlement stemmed from a 2012 breach notification in which Metro Community Provider Network (“MCPN”), a Denver based FQHC reported that the PHI of 3200 people had been accessed by hackers as a result of a phishing attack. OCR found that MCPN correctly addressed the phishing attack, but still pursued an action against MCPN because it determined that MCPN did not perform a HIPAA security risk analysis until February 2012 and that the 2012 security risk analysis, as well as the subsequent security risk analyses performed by MCPN, were inadequate to address the requirements of the HIPAA Security Rule.

This settlement establishes that OCR will enforce HIPAA violations against FQHCs and that FQHCs need to ensure that their HIPAA programs are up-to-date and HIPAA compliant.

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