

News Release

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Contact: HHS Press Office
(202) 690-6343

Rite Aid Agrees to Pay \$1 Million to Settle HIPAA Privacy Case

Company agrees to substantial corrective action to safeguard consumer information

Rite Aid Corporation and its 40 affiliated entities (RAC) have agreed to pay \$1 million to settle potential violations of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) Privacy Rule, the U.S. Department of Health and Human Services (HHS) announced today. In a coordinated action, RAC also signed a consent order with the Federal Trade Commission (FTC) to settle potential violations of the FTC Act.

Rite Aid, one of the nation's largest drug store chains, has also agreed to take corrective action to improve policies and procedures to safeguard the privacy of its customers when disposing of identifying information on pill bottle labels and other health information. The settlements apply to all of Rite Aid's nearly 4,800 retail pharmacies and follow an extensive joint investigation by the HHS Office for Civil Rights (OCR) and the FTC.

The OCR, which enforces the HIPAA Privacy and Security Rules, opened its investigation of RAC after television media videotaped incidents in which pharmacies were shown to have disposed of prescriptions and labeled pill bottles containing individuals' identifiable information in industrial trash containers that were accessible to the public. These incidents were reported as occurring in a variety of cities across the United States. Rite Aid pharmacy stores in several of the cities were highlighted in media reports.

Disposing of individuals' health information in an industrial trash container accessible to unauthorized persons is not compliant with several requirements of the HIPAA Privacy Rule and exposes the individuals' information to the risk of identity theft and other crimes. This is the second joint investigation and settlement conducted by OCR and FTC. OCR and FTC settled a similar case involving another national drug store chain in February 2009.

"It is critical that companies, large and small, build a culture of compliance to protect consumers' right to privacy and safeguard health information. OCR is committed to strong enforcement of HIPAA," said Georgina Verdugo, director of OCR. "We hope that this agreement will spur other health organizations to examine and improve their policies and procedures for protecting patient information during the disposal process."

The HIPAA Privacy Rule requires health plans, health care clearinghouses and most health care providers (covered entities), including most pharmacies, to safeguard the privacy of patient information, including such information during its disposal.

Among other issues, the reviews by OCR and the FTC indicate that:

- Rite Aid failed to implement adequate policies and procedures to appropriately safeguard patient information during the disposal process;
- Rite Aid failed to adequately train employees on how to dispose of such information properly; and
- Rite Aid did not maintain a sanctions policy for members of its workforce who failed to properly dispose of patient information.

Under the HHS resolution agreement, RAC agreed to pay a \$1 million resolution amount to HHS and must implement a strong corrective action program that includes:

- Revising and distributing its policies and procedures regarding disposal of protected health information and sanctioning workers who do not follow them;
 - Training workforce members on these new requirements;
 - Conducting internal monitoring; and
- Engaging a qualified, independent third-party assessor to conduct compliance reviews and render reports to HHS.

Rite Aid has also agreed to external, independent assessments of its pharmacy stores' compliance with the FTC consent order. The HHS corrective action plan will be in place for three years; the FTC order will be in place for 20 years.

The HHS Resolution Agreement and Corrective Action Plan can be found on the OCR website at <http://www.hhs.gov/ocr/privacy/hipaa/enforcement/examples/index.html>.

OCR has FAQs that address the HIPAA Privacy Rule requirements for disposal of protected health information. They can be found on the OCR website at <http://www.hhs.gov/ocr/privacy/index.html>.

Information about the FTC Consent Order agreement is available at <http://www.ftc.gov>.

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Note: All HHS press releases, fact sheets and other press materials are available at <http://www.hhs.gov/news>.

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