

CONNECTICUT POST

Health Net takes months to report ID breach

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Shelton-based Health Net of the Northeast Inc. surprised state officials and regulators Wednesday when it admitted private information on 450,000 Connecticut residents has been missing for about a half-year.

According to the company and state regulators, an unencrypted portable disk drive containing personal information on past Health Net clients and providers disappeared from the Shelton office in May, but was not reported until now.

The company said the breach was not reported because it took a long time to conduct a detailed forensic investigation to determine what information is missing.

According to state officials, the disk drive contained health information, Social Security numbers, bank account numbers and other personal information on members and providers dating to 2002.

The company said the information on the disk drive was saved in an image format that cannot be read without special software.

"Protecting the privacy of our members is extremely important to us," Health Net said in a statement. "We apologize for any inconvenience or concern this may cause our members. To date, we have not had any reports of misused data.

Although the company said a special program is needed to view the documents, Tarek Sobh, a computer engineering expert and dean of the University of Bridgeport's School of Engineering, said that's not much protection.

Sobh said if the information is not encrypted a thief could open the documents with another type of software and see jumbled information. From there, it might take time to extract names and Social Security numbers from the jumbled data. It probably could be done manually he said. Sobh added he is worried — he's one of those affected.

The company pledged to provide credit monitoring services over two years to all affected who elect the service. The insurer also said it would provide identity protection service to customers who have experienced suspicious activity, identity theft or health care fraud from May to their date of enrollment.

State Department of Insurance Commissioner Thomas Sullivan said his office is working with Health Net to make sure all those affected are notified. He also said the department is investigating the matter to determine what enforcement action is warranted.

The department is seeking written answers to questions about Health Net's security procedures, why there was a delay in reporting the breach and more details on the information and how the loss occurred and what steps are being taken to prevent a repeat.

"My main concern is protecting the members and participating providers," Sullivan said in a statement. The state Insurance Department said the company has assured it that "the information on the disc is not visible without special software that is only available to Health Net Inc."

Sullivan said concerned Health Net customers should contact the company using the phone number on their member cards.

The Connecticut State Medical Society said as many as 5,000 physicians were affected along with patients. The group expressed concern about the way insurers are handling information as there is a push to digitize medical records.

Attorney General Richard Blumenthal said he's also launching an investigation of what he called, "incomprehensible foot-dragging" by the insurer.

"Another day, another data breach," Blumenthal said in a statement. "But companies still don't get it: Personal information is like cash and should be guarded with equal care."

Insurer offers protection to victims of ID breach